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E/1992/SR.15
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ORIGINAL: ENGLISH

Substantive session for 1992

High-level segment

PROVISIONAL SUMMARY RECORD OF THE 15th MEETING

Held at Headquarters, New York,
on Tuesday, 7 July 1992, at 10 a.m.

President:	Mr. MROZIEWICZ	(Poland)
later:	Mr. SOMAVIA (Vice-President)	(Chile)

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Policy dialogue and discussion on important developments in the world economy and international economic cooperation with heads of multilateral financial and trade institutions of the United Nations system

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The meeting was called to order at 10.25 a.m.

Mr. Somavia (Chile), Vice-President, took the Chair.

POLICY DIALOGUE AND DISCUSSION ON IMPORTANT DEVELOPMENTS IN THE WORLD ECONOMY AND INTERNATIONAL ECONOMIC COOPERATION WITH HEADS OF MULTILATERAL FINANCIAL AND TRADE INSTITUTIONS OF THE UNITED NATIONS SYSTEM (E/1992/27, E/1992/40, E/1992/64 and E/1992/82 and Add.1)

Mr. PRESTON (President, World Bank) said that the first imperative was to promote sustainable economic growth, without which no country had been able to reduce poverty over an extended period. For growth to occur, Governments must create an enabling environment for enterprise by opening up economies to trade and investment and by encouraging efficiency and productivity.

Adjustment programmes were an essential part of that process, although in implementing such programmes care must be taken to protect vulnerable groups. Moreover, growth must be accompanied by investment in human capital, and economic policy must be complemented by appropriate social policies. Additional resources were needed for human development, as were better allocation and use of resources on the part of both donors and recipients. One means of attaining those aims would be to place more emphasis on the role of women.

Sound environmental management was also an essential complement to economic growth. The poor, in particular, were often exposed to environmental hazards, so that environmental protection and poverty reduction were inextricably linked.

The United Nations Conference on Environment and Development recently held in Rio de Janeiro had made apparent the joint responsibility of developed and developing countries. Support had been expressed at that Conference for the expansion of the International Development Association's activities to cover national environmental issues, as well as for the expansion of the Global Environment Facility as a channel for tackling environmental questions.

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(Mr. Preston)

The World Bank had provided support for sustainable development throughout the world, particularly in the poorest countries. Indeed, all World Bank lending was intended to alleviate poverty. As part of that approach, detailed poverty assessments had been initiated and would cover all the World Bank's developing member States by 1994. Specific policies would be devised on the basis of those assessments to ensure that the poor could participate in economic growth. The World Bank had also increased its participation in social programmes. Ultimately the success of the World Bank as a development agency must be judged in terms of its effectiveness in reducing poverty.

For the poorest countries, concessional lending was crucial. Donors were currently considering the tenth replenishment of the International Development Association, the World Bank's concessional lending affiliate. At the very least, the tenth replenishment must equal in real terms the ninth replenishment, failing which a central pillar in the strategy to reduce poverty would be undermined.

The challenge of sustainable development and poverty reduction could be met only through joint action by industrialized and developing countries. For its part, the World Bank was already cooperating with United Nations agencies in various projects and would increase its efforts to achieve the common objective.

Mr. CAMDESSUS (Managing Director, International Monetary Fund) said that the recent lessening of international tension had freed vast amounts of resources that could be used for development. At the same time there was increasing support for sounder economic policies, which were improving the lot of many people in many countries. It was thus a time of transition. Nevertheless, notwithstanding the gains for democracy, peace and progress were not assured and reform could yet be halted.

In such a context one essential question was how current institutions were contributing towards sustainable economic growth. The Rio Conference had raised awareness of the fact that economic growth and even the alleviation of poverty were not the only goals to be pursued, the real aim being to achieve high-quality growth.

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(Mr. Camdessus)

Much could be done to increase effectiveness through improved cooperation in terms of four elements: well-conceived macroeconomic reform, effective development strategies, an open trading system, and social policies. After years of focusing on the first three in the form of adjustment policies, it was now high time to focus on the social element, without which the entire edifice was unlikely to stand.

The IMF role was to promote sound economic policy and mobilize aid for its members. After a decade in which the Fund had concentrated on debt problems and, more recently, following the integration of the successor States to the Soviet Union into the international monetary system, the focus would now be on the social and environmental aspects of economic policies and on finding new ways to assist the poorest countries. In particular, the Fund would focus on unproductive spending, including military expenditure, in an effort to assist its member States.

Some 80 countries were currently following economic recovery programmes, which, while being a sorry comment on the world economy, testified to the level of confidence in adjustment policies. Many countries had benefited from such programmes in recent years and had seen an improvement in their economic indicators accompanied by a reduction in poverty. There was every expectation that such progress would continue. Nevertheless, many countries had yet to make any real attempt at reform. It was important for the industrialized countries to understand that adjustment was a global phemonenon, and that they, too, needed to rid themselves of rigid structures and constraints not only in their own interest but in the interest of promoting world growth.

Paradoxically, those developing countries which had made progress in adjustment programmes currently constituted the driving force behind the world economy, whereas the industrialized countries were still feeling the effects of recession. In that context, the participants in the high-level segment would appreciate the vital importance of successfully concluding the Uruguay Round, which must neither be postponed nor be allowed to fail.

For further progress to be made, the level of development assistance must be increased and multilateral institutions must be provided with the resources they needed to meet the demands placed upon them. It was a simple fact that

(Mr. Camdessus)

domestic savings and private investment in the developing countries were not enough without an adequate level of development assistance. World leaders should understand that a number of extremely poor countries were simply not able to begin their own development without such assistance, which it should now be possible to provide at a time of declining international tension. All countries should meet the target of 0.7 per cent of GNP in providing development assistance. Another possible means of increasing development aid flows to the most needy countries would be the voluntary relinquishment of such aid by those developing countries which were already well embarked on the road towards sustained development, thus releasing funds for needier countries.

Even if those problems were resolved, the issue of social policy and its implementation in harmony with economic policy would remain. Social aspects must be reflected in adjustment policies in a fully coordinated manner. There was no doubt that inadequate attention had been paid to date to the social element. In particular, insufficient attention had been given to the linkage between structural adjustment and development and regional security in the form of integrating humanitarian aid into macroeconomic policies. There was, for example, relatively little funding for social "safety-net" policies and for human development. That problem could be resolved only by improving collective awareness of the importance of the social content of adjustment policies, by establishing credible institutional arrangements and by providing supplementary funding.

If coordination could be improved so that duplication was eliminated and mutually supportive initiatives were undertaken, improved financing would follow. It had to be admitted that the multiplicity of programmes had often served to discourage contributions and had provided pretexts for those who sought them.

With the use of existing machinery, particularly the Administrative Committee on Coordination, the revitalized Economic and Social Council and the new Commission on Sustainable Development, a social summit could be considered that would focus on recognition of the need to tackle social and economic problems together, to reorganize existing institutions and to secure more resources. If that could be done the United Nations system would then build a firm social component.

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Mr. DUNKEL (Director-General, General Agreement on Tariffs and Trade) said that a major difference between the work of GATT and that of the World Bank and IMF was that it offered, instead of funds, a framework of contractually agreed rules leading to the development of trade. While the Uruguay Round was continuing, GATT was also hard at work in other areas, such as the implementation of tariff protocols, agreements on non-tariff barriers and accession protocols relating to a number of former centrally-planned economies in transition to market economies. It also monitored the evolution of customs unions and free-trade agreements throughout the world, collaborated with IMF in assessing balance-of-payments situations and their effect on trade restrictions, and dealt with dispute resolution. One important sign was the growing number of countries seeking observer or member status; if all the current applicants qualified, GATT could be declared, within one or two years, a universal trading institution, which would mean that the United Nations had achieved the goal, envisaged at its inception, of a single world-wide economic system.

The ambitious scope of the Uruguay Round could be seen in the fact that negotiations were no longer confined to external relations, such as tariffs, but involved national policy issues, hitherto unapproachable, such as matters relating to internal support in agriculture. Such a development was the more significant in that it could also apply to other fields of domestic policy - for example, in the context of IMF and World Bank programmes. The impulse of the real world was towards ever more coordination; but coordination policies could succeed only through impetus at the level of Governments.

Mr. DADZIE (Secretary-General, United Nations Conference on Trade and Development) said that the severity of the world economic recession reflected the presence of new factors. Relaxed monetary policies, though necessary, were unlikely to counteract the impact of domestic debt on spending. Private-sector spending was not enough: Governments needed to assume greater responsibility, and act to ensure financial stability and a higher level of activity. That implied close coordination of macroeconomic policies and provided a stronger case for resuming allocations of special drawing rights and stronger flows of concessional aid.

(Mr. Dadzie)

Developing countries had been undertaking painful adjustment measures over the past decade, and a growing number of them were in the vanguard of trade liberalization, although evidence suggested that if many of them tried to expand their exports they would face either growing protectionism or a fall in export prices. They must therefore must be more flexible by opening their markets and by displaying the utmost political will for a successful outcome of the Uruguay Round. Even that event could not lead to complacency; much would remain to be done in order that all developing countries, not just a few, would reap the benefits they had been assured would accrue from opening their economies.

Development was seen increasingly as an equitable process aimed at improving the human condition, and political arrangements were deemed viable only to the extent that they were based on popular consent. There was growing consensus on the need for economic-policy support at the national and international levels; reliance on market forces and entrepreneurship had become common. Sustainable-growth criteria were no longer confined to avoiding inflation, payment imbalances and cyclical swings, but embraced medium-term growth potential. Priority was likewise recognized for such aspects as poverty and hunger eradication, human-resources development and environmental protection. To build on those common perceptions was the international community's most important current task.

The developing countries were, of course, primarily responsible for their own development; there was no substitute for sustained national policies. The countries in transition to market economies faced major tasks in that regard, such as establishing convertible currencies and opening their economies.

Growing attention was being given to the quality of public management in development efforts. The aim was not simply to establish a predictable framework for private-sector activity but also to put in place sound, responsible regulatory institutions. With regard to the international aspects of good management, a favourable international economic climate was essential to the developing countries' domestic efforts. The industrialized countries had a special responsibility to step up their efforts to invigorate world economic growth to that end.

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(Mr. Dadzie)

The effectiveness of multilateral cooperation depended, however, on the concerted efforts of the United Nations family of organizations. The diversity of institutions and activities mirrored the range and scope of the world community's current concerns, but also underscored the Council's central coordinating role. Three key elements in policy coordination, for which the Council alone could provide the requisite leadership, were a framework within which each part of the system could play its proper role in concert with others; recognition of the Council as the source of the requisite political decisions; and guidance for overall planning, programming and evaluation.

UNCTAD stood ready to contribute to the further development of multilateral cooperation. Its central development mission had given it a unique perspective on the interrelationship of the wide range of trade and development issues. The far-reaching institutional reforms agreed upon at its eighth session should enhance its capacity to contribute to United Nations joint action; indeed, recent communiqués issued by ministers of the Non-Aligned Movement and the Council of Ministers for the Organisation for Economic Cooperation and Development (OECD) reaffirmed UNCTAD's role as a forum for constructive intergovernmental dialogue. One major outcome of that session was the emphasis on new methodology, involving rigorous analysis of national experiences and relevant international policy aspects as a basis for UNCTAD's activities. Likewise emphasized was the improved approach to negotiating processes, as well as recognition of UNCTAD as the most appropriate focal point, within the United Nations proper, for the integrated treatment of development and interrelated issues in key areas including trade, finance, investment, services and technology, in the interests of all countries, particularly the developing countries. UNCTAD had also been given a mandate on the issue of sustainable development. In UNCTAD's view, the need to develop cooperation among United Nations bodies to the utmost was imperative.

The PRESIDENT thanked the previous speakers for their statements and invited the members of the Council to proceed to an exchange of views.

Mrs. LANDRY (Canada), referring to the issues of environmental protection and sustainable development, asked whether the institutions represented at the current meeting had experienced any particular problems in matters involving assessment of the environmental impact of programmes for sustainable development. She also referred to cooperation between United Nations agencies and the Global Environmental Facility, and wondered whether any other ways were envisaged for promoting collaboration between United Nations bodies and the Bretton Woods institutions. Lastly, with regard to operational governance, she referred to the proposed establishment of a small executive body for each of the United Nations funds and programmes; she wondered whether the Bretton Woods institutions, which she understood already implemented such a system, would advocate its use elsewhere.

Mr. HUSSEIN (Ethiopia) said that the current debate reflected three aspects of undisputed importance: promotion of sustainable economic growth, investment in people and protection of the environment. The avowed goals were, however, not always wholeheartedly pursued in practice. For example, it had been noted that if the European Community, the United States and Japan lowered their trade barriers by 50 per cent, the developing countries' exports would be boosted by $50 billion at 1991 prices. But reciprocal trade and official development assistance could not alone lead to sustainable development, for which the chief requirement was investment. Action by the industrialized nations must therefore be sought, especially since the developing countries were, for the first time in decades, in the vanguard of trade liberalization measures, and their action must be reciprocated.

On the subject of reforming United Nations operational activities, referred to in the Nordic countries' joint memorandum (E/1992/91), it was clear that restructuring should begin in the United Nations system itself, where needless duplication should be eliminated.

Mr. RASHIDI (Morocco) said that, in the various approaches adopted by the Bretton Woods institutions, a fourth element, on social factors, had emerged. Morocco attached great importance to relations with those institutions and, since 1982, had been applying structural-adjustment programmes, which it deemed necessary. Those programmes, however, were

(Mr. Rashidi, Morocco)

inadequate by themselves. Strategies for growth required, inter alia, recognition of the importance of job promotion. In the past, increased employment had been viewed simply as a consequence of other measures; recently it had appeared as a strategic variable in World Bank and IMF programmes; henceforth it should be recognized as a target, and Governments which strove to promote such a strategy should be helped.

He also asked what could be done to recognize joint efforts as essential to a growth strategy, and what could be done to highlight the relationship between employment growth and its often neglected environmental impact. Although the most important part of any joint effort was the domestic element, a permanent international follow-up machinery was essential, especially in order to deal with unforeseen circumstances such as drought.

Mr. FADZIL (Malaysia) said that global economic integration was an irreversible process and that multilateral agencies, with their vast experience in dealing with developing countries, had a prominent role to play in helping those countries to participate in mainstream economic activities. In addition, the Group of Seven (major industrialized countries) should give due weight to the views and aspirations of developing countries when formulating their global strategies.

The standard development model propagated by the World Bank and IMF had proved to be a failure, and structural-adjustment programmes had in many cases resulted in even greater economic and social difficulties. The main responsibility lay with the undemocratic decision-making procedures of the Bretton Woods institutions, which failed to give proper weight to the specific needs of individual developing countries. Flexibility was preferable to rigid rules and conditions, and political factors should not influence the treatment accorded to individual countries.

The undemocratic voting structure of the Bank, which favoured donor countries, together with its intensive promotion of policies, meant that third-world development priorities were decided by a few countries in the North. The Bank's structure was also inimical to public participation or accountability.

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(Mr. Fadzil, Malaysia)

The Bretton Woods institutions needed to work more closely with the United Nations system, with particular reference to the governance of the Global Environment Facility, which needed to be run more democratically if the environment was to be protected without prejudicing the right of the developing countries to development.

The World Bank and IMF were dominated by the North and had promoted or imposed policies detrimental to both development and the environment in the South. The Bretton Woods institutions needed to be reformed, taking into account current global developments, including the need for harmonization with the United Nations system in order to avoid contradictory decisions being adopted on issues dealing with global economic management. There was also a need for similar consistency in the decisions taken by the World Bank and the Group of Seven.

In addition, the World Bank should respond to the criticism, levelled by non-governmental organizations in particular, that it should not enjoy a monopoly over global economic management, including management of the environment. Apart from its lack of technical competence, the Bank's tendency to serve the interests of the market and of transnational corporations rather than the poor meant that it could not be trusted to manage the environment.

Sustainable growth was not possible unless a responsible approach was taken at both domestic and global levels. At the domestic level, increased investment and improved access to funds, technology and trade were needed, while at the global level a balance should be struck between enjoying the benefits of growth and shouldering the accompanying responsibilities. Multilateral agencies needed to redefine their objectives and priorities in accordance with nations' changing needs.

With regard to technological progress, the significant outlay and long gestation period required for research and development placed developing countries at a severe disadvantage, as did the restrictive rules on intellectual property rights. Access to technology would continue to be limited and very expensive, creating perpetual dependence on the part of developing countries, compounded by declining terms of trade in the commodity sector. Multilateral agencies could help bridge the technology gap by

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(Mr. Fadzil, Malaysia)

promoting and financing technology transfer, acting as a clearing centre for technology, and setting up centres of excellence for selected research and development in developing countries.

Finally, his delegation was extremely concerned at the diversion of funds from the Bretton Woods institutions to the Commonwealth of Independent States and the countries of Eastern Europe. The Bretton Woods institutions had also failed to address the need to improve the global economic environment so as to allow more equitable competition and a fair chance for growth and development in developing countries engaged in serious and difficult economic reforms.

Mr. AL-HAMAD (Chairman, Committee for Development Planning) said that the short-term outlook for the world economy remained fragile, suggesting a need for active intervention through both monetary and fiscal policy. In Africa, moreover, the poor prospects for export earnings implied by slow world growth had been aggravated by drought, which had devastated agricultural production in many countries.

The main problems in the medium term were the unsatisfactory progress in stimulating growth and eradicating poverty in many developing countries; the difficult transition from centrally-planned to market-oriented economic systems; the poor prospects for increasing official development finance to the least developed countries; the need to integrate the concept of environmental sustainability in national and international development strategies; friction among the larger trading nations; and the failure to conclude the Uruguay Round.

The report of the Committee for Development Planning (E/1992/27) advocated a number of policy approaches including the successful conclusion of the Uruguay Round; an improved mix of fiscal and monetary policies in developed market economies; more adequate levels of official development finance to assist reform in countries in economic transition and in developing countries implementing far-reaching economic reforms; wider application of the "polluter pays" principle at national and international levels; greater access by the poor to resources and adequate investment in human development; compensation to developing countries for the cost of providing environmental

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(Mr. Al-Hamad)

services to the international community; and improved national economic policies in developing countries.

The Committee's main recommendations for economic reform included the need to divert funds from military expenditure to human development; reform in the pricing of public services and in the public enterprise sector, including privatization and overhauling fiscal systems; elimination of anti-export bias in trade and industrialization policies; encouragement of inflows of direct investment; effective family planning; and measures to cope with the transitory social costs which often undermined reforms.

In addition, the Committee had concluded that in many developing countries economic reform and development were hampered by a lack of transparency and accountability in government decision-making and the denial of fundamental human rights to large segments of the population.

On the question of reform of the United Nations system, he agreed with the Secretary-General that a more integrated approach to the exercise by the United Nations of its political and economic and social functions would imply changes in the structure and methods of work throughout the system. The need for reform had been clearly highlighted by the Nordic proposals (E/1992/91), and any reform programme must involve flexible cooperation among agencies with overlapping spheres of interest, greater consistency in the positions adopted by member States in the various governing councils, and revitalization of the Economic and Social Council so as to enhance its overview function.

With regard to operational activities, the Nordic proposals for improved governance of funding bodies and their financing deserved close consideration. With regard to the deliberative functions of the United Nations, he strongly endorsed one of the options put foward by the Nordic countries, namely that the Council should subsume the functions of the Second and Third Committees of the General Assembly. Furthermore, the creation of the proposed Commission on Sustainable Development and the assignment to the UNCTAD Trade and Development Board of functions similar to those of a commission in its relationship with the Council, would represent a considerable rationalization of the annual intergovernmental debates on economic and social issues.

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(Mr. Al-Hamad)

He welcomed the emphasis placed by the Secretary-General on strengthening the early-warning capacity of the Secretariat and on its ability to analyse emerging issues. If the regional commissions could provide policy analyses and recommendations for individual developing countries, as OECD did for the developed market economies, it would represent a major contribution and fill an important gap in the system.

Mr. PRESTON (President, World Bank), replying to a question raised by the representative of Canada, pointed out that concern for sustainable development was an integral part of all World Bank initiatives. It was now widely accepted that development and environment were inextricably linked, and environmental-impact studies were undertaken as an essential part of the process of assessing credit availability.

Replying to a question by the representative of Malaysia, he noted that the issue of governance for the Global Environment Facility had yet to be resolved. There would certainly be greater participation by developing countries but no formal decision on specific rules had yet been taken.

Mr. CAMDESSUS (Managing Director, International Monetary Fund), replying to questions concerning smaller executive boards, said that in his view the present system of constituencies worked well. It enabled important decisions to be taken quickly and efficiently and generally led to consensual decisions.

In reply to the concern expressed by the representative of Malaysia that resources were being diverted from the poor countries to the Commonwealth of Independent States and the Eastern European countries, he pointed out that the countries in question were members of the institution and had the same rights and obligations as other members. Structural-adjustment programmes were being negotiated with all those countries under the same terms and conditions as for other members. In any case, allocating resources to one country did not mean that they were being diverted from another, since IMF was a quota-based institution. Due weight should also be given to macroeconomic considerations and it was vital to help the countries concerned to find the quickest route to sustainable growth. If those efforts were successful, the benefits would be

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felt by all countries, particularly those in neighbouring regions which had suffered following the collapse of the Soviet Union.

In reply to the concern that not enough was being done to stimulate growth in industrialized countries, he repeated his earlier statement that successful adjustment in the developed countries was vital to the progress of the developing countries. He agreed with the representative of Ethiopia that trade liberalization was of benefit to everyone and was desirable even if it was not reciprocated.

In reply to the representative of Morocco, he stressed that social measures were not intended merely to offset the harsh effects of structural adjustment but must be at the centre of growth strategy. In that connection, he pointed out that the main aim of structural adjustment was to achieve growth and that if IMF advocated economic stability, balanced budgets, cutting budget deficits and reducing inflation, it was only because those were the most effective ways of achieving sustainable growth.

Mr. DUNKEL (Director-General, General Agreement on Tariffs and Trade) stressed that the Uruguay Round was genuinely multilateral in nature, although some countries might bear more responsibility than others for its success. It was noticeable for the first time that the developing countries were keen to conclude the negotiations, while the industrialized countries were still dragging their feet.

On economic issues the developing countries were themselves divided as to the desirability of unrestricted trade. Many of them, for example, were keen to retain subsidies for agricultural products, since they found that their economies were adversely affected by the high cost of such products.

With regard to the relationship between the international financial institutions and individual countries, he said that the machinery established within GATT to review the economic policy of each member country would undoubtedly prove very useful. Many of the developing countries, it should be pointed out, were adopting sound trading policies, while the industrialized countries were now often prepared to reappraise their own. No country would be "left by the wayside" or called upon to achieve the impossible in implementing the decisions of the Uruguay Round.

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(Mr. Dunkel)

It was inappropriate to accuse GATT of indifference, or indeed hostility, to environmental issues: its approach was to leave Governments with wide discretion to pursue their own development policies, provided that they did not resort to protectionism. The difficulty lay in persuading some countries to refrain from imposing environmental policies which other countries were not in a position to sustain. A working group had been established within GATT to examine the issue. It was also hoped that, once the Uruguay Round had been completed, the working group could turn its attention to the question of harmonizing trading goals, with particular emphasis on the need to avoid punitive practices.

Mr. DADZIE (Secretary-General, United Nations Conference on Trade and Development) said it was to be hoped that the Uruguay Round would result in benefits for all nations, but it should not in his view be regarded as the culminating point of multilateral trade negotiations, since recent developments in the world economy clearly called for further study and change.

Mr. PRESTON (President, World Bank), replying to a point raised by the representative of Morocco, said that the social dimension of structural readjustment was not merely a recent concern of the international financial institutions, which were well aware that adjustment could be arduous and extended, and in any case neither short nor sharp, as some of its advocates had claimed.

He agreed with the representative of Malaysia that there should be harmonization between the policies of the Bretton Woods institutions and those of the Group of Seven, and consultative bodies were endeavouring to achieve greater coordination in that respect.

Baroness CHALKER of WALLASEY (United Kingdom), speaking on behalf of the European Community and its member States, said that it had sometimes been argued that the main problem with structural adjustment-programmes was that, while they produced great long-term benefits, the short-term political and social costs were often too high for Governments to sustain. The views of the heads of agencies on that issue, and their assessment of the efforts undertaken to ensure that the burden of structural adjustment did not fall primarily on the poorest sectors of society, would be welcome. Too often, a

(Baroness Chalker, United Kingdom)

supportive economic-policy framework was interpreted as implying a transfer of resources, but economic policy clearly had a wider scope, since the industrialized countries had a particular responsibility to intensify their efforts to invigorate world economic growth.

It was also frequently asserted that a shortage of global savings was likely to be a constraint on further growth and investment, and the heads of agencies might wish to comment on how far they perceived that to be a threat. External indebtedness was also seen as an impediment to growth in many developing countries, but the challenge facing the international community was to ensure that such debt-burdens were within the payment capacities of the debtor countries.

It was disturbing to note from the UNDP human development reports that development policy was insufficiently focused on human development. Both national policies and international aid programmes often failed to give sufficient weight to basic needs like primary education and health care. The focus should be on the poorest countries and on the poorest people in wealthier countries, with particular emphasis on health, family planning, literacy and people-based wealth creation.

The dramatic changes that had taken place in Central and Eastern Europe and the former Soviet Union had continued apace in recent months. The period of transition would be just as difficult as it had been in many other countries, but the European Community was confident that, with time and appropriate external support, all countries would gain from the opportunities brought about by the revitalized economies in the East. The Community was also sensitive to concerns regarding the implications for aid, trade and investment and technology flows to developing countries of the strong support being provided for reform in Central and Eastern Europe and the former Soviet Union, but it was determined that they would not undermine the European Community's commitment to cooperation with the developing countries.

It would be useful if the heads of agencies could briefly outline their views on how to reconcile support for Eastern Europe and the former Soviet Union with cooperation with the developing countries. Given the large number of international organizations involved in the region, it would also be

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(Baroness Chalker, United Kingdom)

helpful if they could say something about the ways in which the agencies were seeking to ensure effective coordination of their activities in the region.

Mr. AHTISAARI (Finland) said that there seemed to be a general recognition that adjustment programmes had improved, that they now took into account the individual features of specific countries, and that the human aspects of adjustment should not be neglected. It should be borne in mind that the World Bank provided more technical assistance than the entire United Nations, and consideration should be given to establishing a proper division of labour between the two organizations.

Mr. GRANT (Executive Director, United Nations Children's Fund) said that, although the representative of the World Bank was clearly aware of problems of social policy, the attention paid by international financial institutions to social issues was still too episodic. It should not be overlooked that economic growth and the development of human resources were not incompatible but complementary. Against that background, greater attention should be paid to the possibility of allocating up to 20 per cent of development assistance to providing basic essentials, as against the current 6 per cent.

Mr. NAKAJIMA (Director-General, World Health Organization) said that discussion within the revitalized Economic and Social Council should focus on four main areas, namely, peace-keeping and its contingent problems (such as refugees), post-conflict rehabilitation, sustainable development, and assistance to countries undergoing structural adjustment. It was to be hoped that consistent attention to those major issues would result in a coherent, system-wide policy towards social questions.

The PRESIDENT said that there seemed to be a general awareness that, in a world in which ideological conflict was no longer an overriding concern, social issues should come to the forefront of the international community's attention. For that reason, it was essential to establish a fruitful dialogue between the United Nations and the Bretton Woods institutions in the interests of determining priorities.

The meeting rose at 1.20 p.m.

UNITED
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Economic and Social Council

PROVISIONAL

For participants only

E/1992/SR.16
16 July 1992

ORIGINAL: ENGLISH

Substantive session for 1992

High-level segment

PROVISIONAL SUMMARY RECORD OF THE 16th MEETING

Held at Headquarters, New York,
on Tuesday, 7 July 1992, at 3 p.m.

President: Mr. TRAXLER (Vice-President) (Italy)

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Policy dialogue and discussion on important developments in the world economy and international economic cooperation with heads of multilateral financial and trade institutions of the United Nations system (continued)

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In the absence of the President, Mr. Traxler (Italy), Vice-President, took the Chair.

The meeting was called to order at 3.20 p.m.

POLICY DIALOGUE AND DISCUSSION ON IMPORTANT DEVELOPMENTS IN THE WORLD ECONOMY AND INTERNATIONAL ECONOMIC COOPERATION WITH HEADS OF MULTILATERAL FINANCIAL AND TRADE INSTITUTIONS OF THE UNITED NATIONS SYSTEM (continued) (E/1992/27, E/1992/40, E/1992/64, E/1992/82 and Add.1)

Mr. MARKER (Pakistan), supported by Mr. MONTAÑO (Mexico), Mr. GUERRERO (Philippines) and Mr. MONGBE (Benin), proposed that the President should establish an open-ended working group under his chairmanship, possibly at the ambassadorial level, to review the documents before the Council and the ideas discussed during the high-level segment, as well as the President's summary of the segment's proceedings. The working group should then present its views to the General Assembly, thereby maximizing the impetus for progress in the economic and social field that had been generated by the debate.

Baroness CHALKER OF WALLASEY (United Kingdom), speaking on behalf of the States members of the European Community, said that those States saw merit in the simplicity of the Pakistan representative's proposal and wished to consider it further.

Mr. BOLTON (United States of America) suggested that the Council should dispense with its speakers' list the following day to enable participants to conduct a true debate on the items before it rather than read from prepared statements.

Mr. SEZAKI (Japan) said that his delegation wished to remain on the speakers' list for the following day.

The PRESIDENT said that he would have ample time to conduct consultations regarding the establishment of the proposed working group during the remainder of the Council's session.

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Mr. PRESTON (President, World Bank), replying to questions raised by the United Kingdom representative on behalf of the States members of the European Community, said that he expected that, at least in the near term, capital availability would remain approximately at current levels. Availability was affected by real interest rates and, although they had declined from the higher levels of the mid-1980s, they were still quite high. A new general interest rate increase would of course increase the debt-servicing burden of the developing countries. The effect of the capital shortage varied from country to country, depending in part on how much it saved. A 1 per cent increase in national savings would release an additional $40 billion for government expenditures.

The United Kingdom representative had asked the agency heads for their views on the success of the international debt strategy. Some 25 per cent of debt owed to commercial banks had already been repaid under the Brady initiatives; further initiatives involving Argentina and Brazil would soon raise that percentage significantly. However, a number of countries faced very serious problems with respect to their obligations to official creditors. Although progress had been made during the past few years, thanks to extraordinary forgiveness gestures by bilateral donors, including the United Kingdom, the problems must continue to be addressed, particularly with respect to the poorer countries.

He agreed with the United Kingdom representative that it was imperative to emphasize human development in national and international aid programmes. The Bank had significantly increased its financing of human development activities, which would amount to $2.6 billion in 1992, and placed particular emphasis on women in development and family planning, with a focus on primary education. Bilateral donors also had been allocating more funds for such projects.

As to the United Kingdom representative's question regarding how the agencies planned to reconcile their support for Eastern Europe and the former Soviet Union with cooperation with their traditional clients. the Bank did not anticipate a strain on its capital resources or lending capacity and would be able to meet the needs of both groups. There was additional pressure on its

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(Mr. Preston, World Bank)

staffing resources, and the Bank had had to hire new personnel to help meet the needs of its new clients.

On the question of coordination among the international organizations involved in Eastern Europe and the former Soviet Union, he said that coordination between the International Monetary Fund (IMF) and the World Bank was excellent and the Bank also cooperated closely with other institutions, including the European Bank for Reconstruction and Development. There definitely was a need for greater coordination between the relevant international organizations and bilateral donors and amongst bilateral donors themselves.

Concerning the importance of ensuring a proper division of labour between the various international organizations, he pointed out that the World Bank's concept of technical assistance was very different from that of other organizations in the United Nations system. To the Bank, technical assistance meant expertise that had to be brought in from outside the Bank itself for a particular project. The Bank was cognizant of the expertise available in the various organizations in the United Nations system and tried not to intrude when, in its view, they presented a significant comparative advantage.

Mr. CAMDESSUS (Managing Director, International Monetary Fund), referring to the alleged shortage of global savings, said that the real problem was, rather, one of misuse of savings, as reflected in poor management of public financing and spending on unproductive, prestige and military projects. If countries could be convinced universally to proceed with the required adjustments, they would have the necessary savings to finance a better future. Balanced budgets were the most effective tool for ensuring sustainable growth.

As to the question regarding the success of the international debt strategy, he said that during the past few years major breakthroughs had reduced the debt crisis to a more manageable problem. Many countries had adopted very courageous structural adjustment measures to strengthen their economies and thus had placed themselves in a better position to face their financial problems. The United Kingdom representative had rightly stated that the problem was not simply to reduce debt burdens, but rather, to bring those burdens in line with the payment capacities of countries. IMF was pursuing that goal very actively. In fact, once the contemplated actions had been taken with respect to Argentina and Brazil, approximately 85 per cent of Latin America's total debt would have been reduced or rescheduled, and thereby brought into line with the countries' payment capacities.

IMF was focusing attention on the problems of the poorest countries, and, thanks to the United Kingdom Government, in particular, and to the Trinidad terms, much more generous arrangements were being applied to several countries, with very positive results. IMF also recognized that low-middle-income countries still faced serious debt repayment problems. Greater flexibility would be needed on the part of their creditors, the common goal being to ensure that a country's capacity to finance development expenditure was compatible with the growth of the country.

IMF was concerned chiefly with protecting basic social expenditures, particularly education and health; in their efforts to reduce their budget deficits, countries often cut essential expenditures. Social safety nets must be put in place to protect the most vulnerable groups in society from the hardships brought about by structural changes. Protection of primary education resources in developing countries, particularly for girls, was also an essential part of population planning strategies. While donor countries were often asked to contribute to such costs, financing for social expenditures was difficult to arrange and, once arranged, disbursement was often slow. The Council must make a more convincing case for financing social costs, which were crucial to the success of adjustment programmes.

IMF's work had been made easier by a revolution in world opinion: the measures IMF recommended, though harsh, were henceforth recognized as being for the good of the countries concerned. The more it refined its strategies the better it understood the importance of social development, and for that it relied entirely on those organizations having the comparative advantage. It had therefore attempted to cooperate more closely with UNICEF, ILO and other agencies.

Elaborating on the reply he had given at the previous meeting, he stated that IMF was carrying out in-depth macroeconomic studies in Russia and also in

(Mr. Camdessus, IMF)

the 14 other former Soviet republics, and was giving technical assistance to help define macroeconomic and financial programmes. It was also beginning to discuss stabilization and adjustment programmes with those States that were IMF members. Belarus was about to become a member and it was hoped that a standby arrangements would shortly be in place for the Baltic States.

Mr. DADZIE (Secretary-General, United Nations Conference on Trade and Development), replying to a question put by the representative of Canada at the previous meeting, said that for the past few years UNCTAD had been doing analytical work on the interface between sustainable development and UNCTAD's main areas of activity: commodities, trade policy, technology and development finance. At the Cartagena conference, it had set itself additional tasks in the areas of environmental measures and trade rules, resources for environmental protection as well as economic development, environmentally sound technology cooperation, and natural resource management, as well as poverty alleviation. It hoped to play a role in building consensus on how to make environmental protection and sustainable growth mutually supportive, with due regard for the part that could be played by private enterprise. UNCTAD would also devote itself to enhancing common perceptions of how best to integrate the environmental dimension into development and into policies in its main areas of interest. Finally, UNCTAD wished to promote an integrated approach to problems of poverty alleviation, in full cooperation with the other organizations engaged in that vast endeavour.

Although difficulties might arise over the division of labour or jurisdiction, they should not be insuperable. Procedures and systems were in place for prior consultation on work programmes, for independent action by intergovernmental bodies to eliminate overlapping, and, most importantly, for joint planning so that all parties could work in concert, bearing in mind the need for optimal utilization of resources. As economists could not be converted into environmental economists overnight, practical difficulties were also to be expected; it should be possible to overcome them also, inter alia, by retraining.

He, too, doubted that there truly was a shortage of global savings. Morever, he did not believe that shortage of savings was the real cause of

(Mr. Dadzie)

developing countries' financial difficulties. There was doubt, too, as to whether policies to increase savings, which would decrease consumption, were quite the ones to pursue during a recession. What was needed was to address institutional weaknesses in the financial system, including misuse of public funds and speculative excesses.

With respect to the possible diversion of resources from developing countries to the countries of Central and Eastern Europe, he pointed out that the OECD countries were on record as saying that their support for reforms in Central and Eastern Europe would not interfere with their commitment to the developing world. He thought that the World Bank could still lend more without crowding out developing countries, while the Fund's ninth quota increase, due soon, should help.

Regarding the debt situation his reading was less optimistic. Although some progress had been made the crisis was far from resolved: in the case of some countries the agreements were more akin to conventional debt reschedulings; in the case of others, while debts had been reduced in one area new debts had been contracted in other areas. Moreover, the arrangements had made the remaining debt harder to restructure. On official debt, progress had been made through the Trinidad terms, but the Netherlands proposals might have been still more helpful. With respect to multilateral debt, he hoped that the international financial institutions would proceed with their debt interest subsidy schemes and refinancing arrangements as quickly as possible.

Mr. MONGBE (Benin) said that between July 1991 and July 1992 the salient developments in international economic cooperation had been the adoption of the United Nations New Agenda for the Development of Africa in the 1990s - as embodied in General Assembly resolution 46/151 - the results of the eighth session of the United Nations Conference on Trade and Development, held at Cartagena, Colombia, in February 1992, and the adoption of Agenda 21 by the United Nations Conference on Environment and Development held in Rio.

The final review of the implementation of the United Nations Programme of Action for African Economic Recovery and Development had resulted in the adoption of a new agreement wherein the goals were clearly defined: the various specialized agencies were to develop specific programmes for Africa

(Mr. Mongbe, Benin)

and devote sufficient resources to their implementation. His delegation would be glad to learn from the heads of the multilateral financial and commercial institutions of the United Nations system what specific programmes they were developing for Africa.

His delegation was encouraged by the new spirit of cooperation reflected in the results of the Cartagena conference and hoped that the institutional reform of UNCTAD begun there would contribute to the pursuit of multilateral economic cooperation efforts and to stricter regulation of the multilateral trading system. It wished to ask the Secretary-General of UNCTAD whether his institution could by the end of 1993 carry out new studies on the impact on developing countries, and particularly the least developed countries, of the current policies of the World Bank, IMF and GATT with respect to the integration of questions of trade and development.

Agenda 21 would over the next few years be the Bible of international economic cooperation, but it could not resolve the world's problems unless everyone worked together to make the notion of sustainable development a reality.

The Rio conference had, as a compromise, decided that the restructured Global Environment Facility (GEF) would provide financing for Agenda 21 projects and programmes for global integration of environment and development for a three-year period. If it proved effective the system could be extended. Otherwise, negotiations would have to begin to work out alternate funding for Agenda 21. His delegation asked the representative of the World Bank for information on the phases of GEF restructuring and its actual funding capacity for Agenda 21 projects and programmes as of 1993.

Unless efforts were made within the next two years to hold the international conference on development financing proposed by the former Secretary-General of the United Nations, and the conference on social development first mooted by the President of Chile and supported by the President of the French Republic, the results of the Rio conference might not live up to expectations. His delegation would be interested to learn the views of the representatives of the multilateral financial and commercial institutions on those two conferences.

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Mr. ENE (Romania) expressed his Government's appreciation of the work of the United Nations specialized agencies, and its gratitude for the assistance Romania had received from them.

One of the main topics of discussion at the previous session of the Economic and Social Council had been implications for Member States of uncontrollable external shocks. Appropriate United Nations machinery was needed to deal with at least one such case. Romania had been seriously affected by the economic sanctions imposed by the Security Council. Although the Charter, and the relevant resolutions, provided for compensation to States so affected, no concrete action had yet been taken. States loyal to their obligations under the Charter were those which suffered the most. The issue was a new one for the United Nations, and had come about at a time when the organization had a newly enhanced capacity for action; in Romania's view, the United Nations system was not equipped to cope effectively with such circumstances.

In his latest report on the work of the organization the Secretary-General had referred to the need to complete Article 50 of the Charter of the United Nations with appropriate arrangements. It would be interesting to hear whether the heads of the various financial institutions had given any thought to measures to insulate States from the difficulties they might face in complying with sanctions adopted under Article 41 of the Charter.

Mr. SERSALE di CERISANO (Argentina) recalled that, at the Council's previous session, the elimination of farm subsidies and the conversion of military expenditures had been cited as two possible sources of funding for development. He wondered what had been the practical results of the cooperative study of the matter undertaken by the General Assembly and IMF.

Secondly, his delegation felt that there was often an undue emphasis on development as opposed to growth; without growth, there could in the long term be no development. According to forecasts cited in the World Economic Survey 1992 (table I.1), world output would grow at the rate of 1 per cent in 1992 and 3 per cent in 1993. Growth of world output per capita would, however, be -0.7 and 1.3 per cent respectively.

(Mr. Sersale di Cerisano, Argentina)

Argentina wished to know what fiscal and monetary policies the major industrialized countries intended to implement for the revitalization of economic growth world wide, and particularly in the developing countries. He stressed the need for increased cooperation between the General Assembly and the multilateral financial institutions in working towards that goal. Argentina also believed that the recommendations on economic contraction should be made more flexible and that efforts should be made to promote long-term investment in such areas as industry and education, which would lead to sustained and sustainable economic growth.

Regarding the recommendation in resolution 45/264 that the heads of concerned specialized agencies should actively contribute to the policy dialogue, Argentina wondered, in the light of the experience accumulated so far, what recommendations the agency heads had formulated and what the multilateral financial institutions could do for the United Nations system. In particular, he suggested that the Secretary-General could attend annual meetings of IMF and the World Bank, with a view to strengthening cooperation between their respective organizations.

Mr. KRINGSTAD (Observer for Norway) recalled that in adopting the New Agenda for the Development of Africa in the 1990s, the international community had accepted the principle of shared responsibility and strengthened partnership with Africa and committed itself to supporting African efforts. Norway regretted that there had been little evidence of follow-up to that undertaking, either inside or outside the United Nations, and stressed that such efforts were particularly needed at the current time in view of the severe drought in southern Africa.

A permanent solution must be found to the debt problem. National debt relief measures must be improved and structural adjustment programmes implemented in collaboration with the Bretton Woods institutions in order to achieve economic growth while respecting social concerns. It was therefore vital to ensure that those institutions had sufficient resources and, in that context, he drew attention to the ongoing replenishment of the International Development Association (IDA) and the revision of IMF quotas and stressed the need to strengthen such existing debt relief measures as the so-called fifth dimension of the World Bank. In addition, innovative approaches should be sought to the debt problem of Africa and new, efficient ways found to improve economic growth in individual countries.

Mr. PRESTON (World Bank), responding to the question raised by the representative of Norway concerning programmes for Africa, said that the World Bank had committed an amount close to US$ 4 billion for African programmes for the financial year 1992, which was fully consistent with the agenda for Africa, and that particular attention would be given to credits for southern African countries devastated by the drought. In addition, considerable assistance in the form of debt forgiveness measures was being provided on a bilateral basis and measures were being implemented under the Bank's fifth dimension to alleviate the burden of debt-service obligations.

While extensive efforts were being made by the Bank to address the special problems of Africa, more assistance was still required, particularly from donor countries, to alleviate the situation of a number of countries undergoing arduous structural adjustment programmes.

The World Bank hoped that the difficulties caused by the drought would not divert countries from the course of structural adjustment and he therefore welcomed Norway's support for IDA and trusted that other delegations would follow suit.

He welcomed the proposal by Argentina that the Secretary-General should attend annual meetings of the Bank but noted that, as the Bank's annual meetings were held during the General Assembly, the Secretary-General might find it difficult to attend.

With regard to the question raised by the representative of Romania, he said that the World Bank did consider the impact of any political upheaval when assessing the financial situation of borrowing countries, both in terms of the Bank's macroeconomic analysis and with respect to specific lending projects under consideration, and that IMF did have a compensatory facility.

Finally, with regard to the question raised by the representative of Benin concerning the Global Environment Facility (GEF), he said that the Bank would shortly convene a meeting to discuss the governance of the Facility and that funding issues would be addressed in 1993.

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Mr. SARDENBERG (Brazil) welcomed the proposal by Pakistan on the establishment of an open-ended working group to study the points raised during the high-level debate, and he noted that there had been general agreement during the debate on a variety of economic issues.

It was generally agreed that the developed countries should ensure better coordination of their macroeconomic policies, including trade; lack of such coordination had led to the deadlock at the Uruguay Round. Developed countries had a special responsibility to secure the successful outcome of the Round, since the trade component of the world economic equation was crucial for world economic growth.

One of the lessons of the United Nations Conference on Environment and Development had been that current levels of development assistance from the developed countries were insufficient and must be greatly increased before new tasks could be undertaken. The eradication of global poverty and the promotion of human development demanded staggering resources, to be measured in tens of billions of dollars.

While Brazil welcomed the proposed restructuring of ODA, that would merely provide a short-term answer to the problem of funding social development: the only permanent solution lay in growth and economic development. The developing world could no longer wait for trickle-down effects and creative new policies were urgently needed from the developed world and the Bretton Woods institutions, such as those successfully devised for the transition economies.

He therefore welcomed the IMF proposal on the building of a social pillar, since it was important to encourage the perception that economic adjustment had a social dimension. For that reason, Brazil supported the holding of a summit on social development.

Mr. BEJARANO (Colombia) said that the United Nations enjoyed great advantages both as a coordinating mechanism and a catalyst for international technical cooperation. Colombia therefore believed that, while the Bretton Woods institutions should continue to play the primary role in administering international cooperation for sustainable development and the elimination of

(Mr. Bejarano, Colombia)

poverty, there should be increased cooperation between those institutions and the funds and projects of the United Nations system.

The developing countries required assistance not only in the form of credits and grants, but also through increased and freer access to the markets of developed countries. While many developing countries had instituted major economic reforms, liberalizing their markets and limiting the role of the State, developed countries continued to pursue development strategies which were not always transparent. In particular, products that were of particular importance to developing countries continued to come up against the same old trade barriers. Colombia wondered to what extent the multilateral financial institutions were responsible for those restrictive practices, and how much they could be expected to assist the developing countries in overcoming the barriers to trade.

In general, better coordination was required between countries and the Bretton Woods institutions in order to prevent disruption in public investments. He wondered whether countries like Colombia, which had complied strictly with their commitments in regard to external debt-servicing, would obtain any particular advantages from the multilateral financial institutions.

Colombia had made great diplomatic efforts to foster understanding between the developed and developing countries at the eighth session of the United Nations Conference on Trade and Development and he believed that the consensus which had been achieved - the spirit of Cartagena - could lead to the effective revitalization of UNCTAD, given proper implementation of the programmes which had been approved and efforts to spread that spirit at the forthcoming meeting of the Trade and Development Board in January 1993.

Mr. SAMUELSSON (Sweden) said that over the years a substantial number of tasks had been shifted from the United Nations proper to the multilateral development banks, largely because many donors believed that those institutions, particularly the World Bank, were more competent in managing programmes and more responsive to donor concerns. The World Bank had not only expanded its operational activities into traditional United Nations fields, but had also assumed a more important role in aid coordination through

(Mr. Samuelsson, Sweden)

the consultative groups. The continuation of that expansion might overstretch the capacity of the World Bank, forcing it to lose its competitive edge. It was essential to establish a clearer division of labour between the United Nations system and the multilateral development banks, exploiting the relative strengths and comparative advantages of the various agencies. Closer cooperation between the United Nations system and the Bretton Woods institutions was possible in many areas. The regional development banks would be increasingly important multilateral players since many development issues could be best addressed at the regional level.

As more and more institutions had been set up to deal with the widening range of activities in which the United Nations was involved, the system had become less coherent. A number of steps were necessary to remedy the situation. Firstly, the Secretariat needed to be further strengthened and streamlined in order to identify and give priority to issues that were global and urgent. It should play a crucial strategic and analytical role and carry out the functions of an International Development Council. Secondly, there must be a clear-cut division of labour in order to improve collaboration within the United Nations system. Coordination would be further enhanced through the adoption of a "common philosophy", clearer objectives promoting cooperation among all the agencies and a more precise definition of the mandates of the various agencies, funds and programmes of the system.

The original mandates of the specialized agencies as centres of excellence and global leadership in their areas of concern had been eroded. Their technical and professional quality had deteriorated in numerous areas. Many agencies competed for projects with an intersectoral profile because of overlapping and duplication. Sweden believed that the agencies had three main functions: serving as forums for sector-specific discussions, developing international standards and providing policy advice. Accordingly, it was necessary to strengthen the normative role of the specialized agencies, modify their negotiating machinery, make consistent efforts to restore their analytical capacity by setting clearer priorities, redress the balance between the regular budget and extrabudgetary resources, and redefine the role of the agencies in providing technical cooperation.

(Mr. Samuelsson, Sweden)

One of the main tasks ahead was to strengthen the United Nations and optimize the impact of the multilateral system as a whole. Combining too many functions in any one multilateral organization created problems. The comparative advantages of the various agencies should be better identified. A more clear-cut division of labour would help to reduce duplication and overlap. To address those issues and facilitate coordination, strong leadership and a sense of system-wide partnership was needed. The Secretary-General had already taken decisive steps in the right direction.

Mr. KHARRAZI (Islamic Republic of Iran) said that many developing countries had undertaken drastic economic reforms in order to establish market-oriented economies. Unfortunately, they were not receiving the necessary financial support. High long-term interest rates were impeding the development efforts of the developing countries, particularly the Persian Gulf States, which were trying to rebuild their economies after two devastating wars in the region. In view of the increased world demand for capital and the need for financial resources on the part of developing countries, his delegation would like to know whether the Bretton Woods institutions had any plans for dealing with the credit shortage experienced by the countries of the South. His country would also appreciate information on future trends in the financial markets and the challenges for the developing countries in that regard. Lastly, he supported the proposal by Pakistan to establish an open-ended working group.

Mr. HADID (Algeria) said that it was encouraging that the Managing Director of the International Monetary Fund had referred to the need to consider social aspects as one of the pillars of international cooperation in general and of structural adjustment programmes in particular. That reflected the importance which should be given to social aspects and should lead to a more positive approach than had been followed in the past. Algeria viewed positively the potential for cooperation between the United Nations funds and programmes, the specialized agencies and the Bretton Woods institutions. In that connection, he stressed the need to organize cooperation between the United Nations system and the Bretton Woods institutions in such a way as to ensure continuity and eliminate the time-lag between problem identification

(Mr. Hadid, Algeria)

and corrective action. That time-lag might undermine the notion of the comparative advantages of the specialized agencies. He wished to know whether there were plans to set up an operational mechanism for ensuring such coordination and real complementarity. The Managing Director of the International Monetary Fund had referred to additional actions for low-income and lower middle-income countries. His delegation would like to know whether such actions were also contemplated for other indebted countries, including those which had not resorted to debt rescheduling. Lastly, he supported the proposal to set up a working group to follow up the high-level debate within the framework of the Council or the General Assembly.

Mr. GUERRERO (Philippines) said that his country was having difficulty meeting its people's basic needs particularly in the field of health, education and employment, because 40 per cent of its budget went to service its debt. He stressed the need to give greater attention to the requirements of the middle-income countries, particularly with regard to debt relief, and expressed the hope that measures would be taken with that specific purpose in mind.

Mr. DADZIE (Secretary-General, United Nations Conference on Trade and Development), replying to a question raised by Benin, said that in 1990 UNCTAD had prepared a study on the effects of the policies of the World Bank, IMF and GATT on enhancing trade and development in the least developed countries. Similar information would be provided in the annual report to the Trade and Development Board within the context of its review of progress made in implementing the programme of action for the least developed countries. A similar report could also be provided to the Council upon request. He assured the representative of Colombia that there would be a vigorous follow-up to the reform measures agreed upon at the Cartagena conference by January 1993. Most of the reforms in question had already been initiated. The new intergovernmental structure and bodies had already been given the terms of reference that had been unanimously adopted. Preparations were under way for the initial meetings of those bodies in September and October 1992 and proposals were being drawn up with regard to their programmes of work.

(Mr. Dadzie)

The new substantive orientation of work had already been set forth in a draft programme of work for the period up to 1995 and had already been approved by the Trade and Development Board. The UNCTAD secretariat had revised the medium-term plan, which would be considered by the Committee for Programme and Coordination in September. On the basis of that plan and the Board's work programme, the secretariat had drawn up its own work programme and proposals for a far-reaching reorganization of the secretariat. In October, the Board would consider the possible establishment of a new body to study the issue of structural adjustment for the transition to disarmament and the implications of such a transition for the growth and development of developing countries. Lastly, upcoming negotiations would focus on the precise nature of the institutional arrangements and substantive work relating to the follow-up to the Rio conference by UNCTAD.

Mr. PRESTON (President, World Bank) said that Colombia was one of the very few developing countries that had coped with the problem of heavy indebtedness without interrupting its debt-servicing. Access to private capital markets had been of considerable benefit to the Government, which had managed its economy very well. While it might seem that too much attention was paid to the poorer countries and their debt problems, certain countries, such as Colombia, Indonesia and India enjoyed enormous advantages because of their access to the private capital markets and had avoided the difficulties of the extreme adjustment process that some of their neighbours had undergone. He did not feel that the Bank was overstretching itself in its various responsibilities or losing its competitive advantage. The Bank was careful to engage in activities where it had a comparative advantage and left its sister institutions in the United Nations family to specialize in the areas where they had a competitive advantage.

Regarding the alleged shortage of capital, he said that if such a shortage did exist, it was certainly not severe. Countries which had appropriate programmes received funds from IBRD, IDA and IMF. Concern about the shortage of capital stemmed from the increased competition for capital among developing countries. The enormous flows of funds back to Latin America demonstrated that capital would be forthcoming provided that a country pursued

(Mr. Preston, World Bank)

sensible policies. Until markets were sufficiently developed, however, capital could flow just as quickly out of a country. Growth in the Philippines had been slow since 1965 for a number of reasons, many of which related to the economic policies pursued. The Philippines had become eligible for assistance from the International Development Association because of a drop in incomes and for loans from IBRD. That country had undergone debt rescheduling, which was designed to alleviate its fiscal burden. The problem was serious and also involved the question of domestic management.

Mr. MARTIN (Australia) said that general agreement had been reached on the need for constructive change and to seize the opportunity at hand. His delegation firmly supported the very helpful proposal made by Pakistan in that regard. Australia favoured the establishment of an open-ended group of Member States represented at the highest level to consider how to implement the ideas and proposals put forward at the high-level segment. It was essential to establish a procedure for maintaining the momentum achieved.

Mr. RISTIMÄKI (Finland) recalled that, the previous day, his delegation had proposed a follow-up process in order to continue the discussion of reform issues. The proposal was along the lines of the open-ended informal working group on the question of humanitarian assistance coordination set up at the forty-sixth session of the General Assembly.

The PRESIDENT said that the discussion that afternoon had been characterized by an absence of confrontation and a general awareness of the need for the United Nations to respond to the challenges of poverty and underdevelopment through better coordination and best possible use of available resources. The idea of a single world economy had emerged. Reference had been made to the social pillar of sustainable development, including education, health, grass-roots participation in development, democracy and respect for human rights. It had been felt that development must also be sustainable in social and human terms. The proposal by Pakistan had received a favourable response, showing that there was general agreement that the time had come to act.

The meeting rose at 6.05 p.m.

UNITED
NATIONS

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Economic and Social Council

PROVISIONAL

For participants only

E/1992/SR.17
14 July 1992

ORIGINAL: ENGLISH

Substantive session of 1992

High-level segment

PROVISIONAL SUMMARY RECORD OF THE 17th MEETING

Held at Headquarters, New York,
on Wednesday, 8 July 1992, at 10 a.m.

President: Mr. MROZIEWICZ (Poland)

CONTENTS

Enhancing international cooperation for development: the role of the United Nations system (continued)

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The meeting was called to order at 10.20 a.m.

ENHANCING INTERNATIONAL COOPERATION FOR DEVELOPMENT: THE ROLE OF THE UNITED NATIONS SYSTEM (continued) (E/1992/27, 40, 64 and 82 and Add.1)

Mr. RISTIMAKI (Finland), speaking on behalf of the delegations of the Nordic countries, said that those delegations were in favour of the proposal made by the representative of Pakistan for the establishment of a working group at ambassadorial level to examine, on the basis of a summary prepared by the President of the Council, the issues raised during the high-level segment of the Council's current session. The working group would greatly facilitate the discussion of relevant issues and proposals at the next session of the General Assembly.

Mr. MARTIN (United Kingdom), speaking on behalf of the European Community and its member States, said that, after the representative of Pakistan had put forward his proposal, Baroness Chalker of Wallasey, the United Kingdom Minister of Overseas Development, had discussed it with members of the other European Community delegations, who agreed that, in view of the urgent need to revitalize the Organization's role in development assistance, an open-ended ad hoc working group should be formed to hold consultations in September in order to arrive at action-oriented recommendations to the General Assembly.

Mr. BOLTON (United States of America), Mr. MALONE (Canada), Mr. ISAKOV (Russian Federation) and Mr. HUSSEIN (Ethiopia) said that they supported the proposal of the representative of Pakistan.

Mr. SETH (India) said that his delegation was in broad agreement with the proposal. One area of concern, however, was whether the President would have enough time to prepare a summary which would adequately reflect the views expressed during the high-level segment of the Council's session.

Mr. PAULINICH (Peru) said that he also supported the proposal. However, it might be appropriate to submit a draft decision for the establishment of the working group so that all delegations were aware of its objectives and mandate.

Mr. ARCILLA (Philippines) said that he agreed with the representative of Peru. It might also be useful to determine whether the working group would report to the Council or directly to the General Assembly.

The PRESIDENT said that there seemed to be unanimous support for the Pakistan proposal, and that he would prepare an appropriate text as soon as possible.

Mr. ADALA (Observer for Kenya) said that the serious problems and contradictions that still characterized the world economy and international trade called for a new partnership in cooperation for development, based on mutual acceptance of obligations and responsibilities. In that context, his delegation strongly supported the reservation expressed by the Chairman of the Group of 77 in his statement to the Council, at its fourteenth meeting, regarding the attempt to redefine the development priorities of the developing countries and to restrict the scope of international development cooperation to operational activities. Respect for the principle of the sovereignty of States should remain a prime consideration in partnership for development.

Referring to section III.D, entitled "Humanitarian and emergency system assistance", in the report of the Secretary-General to the Council on enhancing the role of the United Nations system on international cooperation for development (E/1992/82), he said that his delegation welcomed the inter-agency appeal recently launched by the new Emergency Relief Coordinator in the Department of Humanitarian Affairs, Mr. Eliasson, on behalf of Kenya. It was to be hoped that the international community would respond generously to the appeal, and lend its support to the efforts being made by the heads of State of Kenya, Ethiopia, the Sudan and Djibouti to find a lasting solution to problems in the Horn of Africa in general, and Somalia in particular.

Mr. GRANT (Executive Director, United Nations Children's Fund) said that the goal set by the World Summit for Children of saving some 50 million children from death by disease and malnutrition by the end of the decade was part of an overall effort to address population concerns, to diminish the apartheid agenda, to advance sustainable development, and thereby enhance the prospects for democracy. The United Nations system could and must play a key role in meeting those challenges, but to do so it must strengthen not only the links within the system itself, but its partnership with the Bretton Woods institutions. In that process, the revitalized Economic and Social Council could play an important role.

In his report on enhancing international cooperation for development (E/1992/82 and Add.1), the Secretary-General had stressed the need to improve governance in the operational activities of the United Nations. Other useful suggestions had been put forward by the Nordic countries in their memorandum contained in document E/1992/91. He himself had presented to the UNICEF Executive Board 10 proposals for reform of the United Nations on which he believed action could now be taken. The members of the Executive Board had felt that the proposals would be a useful input into the Council's deliberations, and he had circulated them to its members. The proposals emphasized the importance of mobilizing high-level political commitment and of strengthening the collaboration of the United Nations system at the country level. In addition, they advocated enhanced cooperation in the programming process of each agency, and specific recommendations for improving the resident coordinator system. There was also a specific recommendation for a major increase in the number of unified locations for the United Nations system's field offices.

The Executive Board also clearly recognized the importance of maintaining each organization's capacity to act effectively: the diversity of mandates within the system could be a source of strength, if properly coordinated. Experience had similarly shown the need for a clearer chain of command and for Governments to have direct access to expertise and to decision makers in donor countries.

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(Mr. Grant)

At its current session, the Economic and Social Council had before it the first test of whether Governments would succeed in fulfilling their commitments with the active guidance of the Council and the General Assembly. The report submitted by the Secretary-General on the implementation of General Assembly resolution 45/217 on the World Summit for Children (E/1992/71) reflected a most heartening beginning, and over 130 countries had prepared or were preparing national programmes of action to implement the goals of the Summit. The challenge confronting the Council and the other central organs of the United Nations was to provide the governance, leadership and policy guidance without which those goals could not be achieved.

Mr. LI Daoyu (China) said that the world economic situation left little room for optimism, and that the adjustment and liberalization effort made by many developing countries had not received an appropriate response and support from the developed North. It was also a matter of great concern that some developed countries had drastically reduced, and even diverted, their official development assistance. The further marginalization of the developing countries had thus become a grim reality.

It was clear that, for development to succeed, it required both a stable political environment and a favourable external economic climate. The United Nations should play an active role not only in maintaining peace and security, but also in promoting the development without which peace could not be sustained. The guiding principles for that role had been set out in a variety of United Nations documents, and those commitments should be honoured in full. His delegation could not agree with the notion that the Organization's function in international cooperation for development should be limited to a few specific areas of concern.

The improvement and strengthening of the role of the United Nations in the development field must include the necessary reform of the Organization itself, and his delegation had taken note of the various proposals aimed at restructuring the economic and social sectors of its operational activities. China took a favourable view of all proposals intended to enhance international cooperation, especially those that were conducive to the

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(Mr. Li Daoyu, China)

development of the developing countries. However, reform measures within the United Nations should be compatible with the principle of the sovereignty of States, and they should also ensure a rational division of labour among the various United Nations development agencies and programmes. The principles of multilateralism, neutrality and universality must be maintained, and there should be no attempt to attach political strings to assistance provided through the United Nations system. Restructuring should be seen as a gradual process and major reform measures must be fully debated and discussed, and decided upon by consensus.

In conclusion, he said that his delegation supported the proposal of the representative of Pakistan for the convening of a working group.

Ms. SADIK (Executive Director, United Nations Population Fund) said that, as had been stressed in the statements made by heads of delegations, and as had been underscored in the proposals put forward by the Nordic countries on enhancing operational activities for development (E/1992/91), the strengths of the United Nations were shown to their best advantage when the Organization operated in an integrated and coordinated fashion. The Secretary-General's proposed reorganization of the Secretariat was a positive move in that direction. The United Nations itself, the specialized agencies and the international financial institutions must function as a coherent whole, within the common conceptual framework provided by the International Development Strategy for the Fourth United Nations Development Decade and Agenda 21 of the United Nations Conference on Environment and Development.

At the country level, the priority must be to build up the capacity of Governments to coordinate assistance, and to facilitate coordination by all possible means, as and when Governments submitted their requests. Priorities, goals and strategies must be decided within the national country programme context, and in accord with the principles of General Assembly resolution 44/211.

Some notable efforts in that regard had been made in a number of countries where the United Nations resident coordinators and the Joint Consultative Group on Policy (JCGP) were playing an active role. The resident

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(Ms. Sadik)

coordinator system still needed strengthening, and she fully agreed with the Secretary-General's proposal that there should be a single United Nations representation in each country. The coordinator should represent the entire United Nations system, but could continue to operate under the auspices of the United Nations Development Programme (UNDP) on behalf of the Secretary-General. If the resident coordinators were to carry out their function effectively, their selection must be a transparent process. They should be well-qualified managers with substantive development experience, which in particular cases might need to be country-specific. As the current chairperson of JCGP, she was committed to advancing harmonization of programmes and encouraging mutually supportive policies and programmes.

In order to ensure coordination among all organizations involved in operational activities, a legislative body such as an international development council was needed, as proposed by the Nordic countries. For development to be effective, however, coordination was needed among all contributors to action programmes, including the specialized agencies. That was a task for which the projected commission on sustainable development would be well suited, providing normative and substantive guidance, while the proposed international development council focused on operational matters.

Furthermore, the different agencies and organizations should have their own governing bodies responsible for guiding implementation of overall development goals and with equal representation of developing and developed countries. The emphasis should be on policy advice rather than micromanagement.

The Nordic reform proposals were appealing because they sought to link reform of governance and financing, issues which were closely interrelated. Additional resources for development activities were urgently required and more secure funding was needed to ensure stable programming. In that connection the proposal for a three-tier financing system had great merit.

She underlined the link between peace-building and development stressed by the Secretary-General in his new vision for development. She agreed with him that the Organization's actions must address not only the immediate but

(Ms. Sadik)

also the underlying causes of conflicts, which, in addition to political oppression, social injustice and blatant economic disparities, also included unchecked population growth.

Mr. HOHENFELLNER (Austria) said that his Government was convinced of the close relationship between the political and the socio-economic missions of the United Nations, and fully supported the restructuring and revitalization of the Economic and Social Council with a view to making the United Nations more effective in the social, economic and related fields.

With regard to the Organization's role in enhancing international cooperation for development, he said that in recent years the United Nations had been successful in forging a consensus on the key objectives of development, which must be people-centred, equitable and sustainable. As the United Nations Conference on Environment and Development in Rio had shown, it was no longer possible to focus on socio-economic development without also considering the environment. There was also a growing consensus that sustainable development could be achieved only through a new partnership between countries and groups of countries sharing a common but differentiated responsibility, within a framework provided by the United Nations. Given that the concept of an integrated approach to the political, economic and social missions was at the heart of its Charter, the United Nations was in a position to formulate integrated responses to the wide range of challenges it was facing; it was increasingly clear that such a response was vital if human suffering was to be relieved.

With the increasing globalization of the world economy, the United Nations could play a useful role in providing assessments and policy advice, particularly on cross-sectoral issues, thanks to the wealth of data at its disposal. It had also shown its capacity to mobilize the independent sector and grass-roots movements, particularly non-governmental organizations, whose enthusiasm and expertise would be vital in the quest for sustainable development, given that the problems involved could not be tackled solely by Governments.

(Mr. Hohenfellner, Austria)

Lastly, he commended the work of the Nordic countries and welcomed the positive response to their reform proposals. The potential of the Economic and Social Council to discharge the functions of the projected international development council should be carefully examined.

Mr. KHARRAZI (Islamic Republic of Iran) said that, despite the promising opportunities offered by the new world situation, many problems remained. World output had declined for the first time since the Second World War and world trade had also slowed, while many developing countries were experiencing economic recession and its social and political consequences. High long-term interest rates were acting as a constraint on investment and growth in many developing countries, especially the Persian Gulf States, which were striving to rebuild their economies in the wake of two devastating wars in the region. Instability in the finance and banking sectors was jeopardizing the high levels of investment needed in both Eastern Europe and the Persian Gulf. However, world economic performance could be improved through the enhancement of international cooperation and policy coordination, which must remain the main objective of the United Nations.

The main United Nations contribution to international cooperation for development was the forum the Organization provided for dialogue and consensus on issues such as development, the environment, finance, trade and the transfer of technology. The General Assembly had a vital role to play in that connection and must be adjusted and, if necessary, reformed, in order to respond to new and emerging needs. However, such reform should not undermine its ability to meet the needs of the developing countries, but rather should make it more responsive to the alarming economic problems prevailing in those countries. In addition, the reform of the Economic and Social Council through the high-level segment and the policy dialogue, involving the heads of organizations within the system, should help promote the understanding necessary for cooperation and coordination of economic policies and programmes.

Lastly, United Nations operational activities should complement more effectively the national efforts of the developing countries in the field of indigenous capacity-building. He agreed with the Secretary-General that the financing of operational activities should be placed on a more adequate and stable footing.

Mr. ARCILLA (Philippines) said that the recent historic changes in the world situation had underlined the interdependence between the economic, social and political spheres. In that context, the United Nations had a catalytic role to play in ensuring a coherent response by the international community.

The revitalization of the Economic and Social Council and its subsidiary bodies, together with the Secretary-General's efforts to reform the Secretariat, were intended to enhance the effectiveness of the United Nations and provide a coherent policy direction for the various agencies active in the field of international development cooperation. Political will and dynamism were needed at the highest level in order to overcome the obstacles to the work of the various governing bodies and executive boards.

The Nordic United Nations project offered a constructive approach to reform, and the functions envisaged for the proposed international development council were commendable.

The Economic and Social Council needed to exercise more determined governance over its subsidiary organs, and the high-level segment was vital for that purpose. The Council should halt the proliferation of bureaucratic hierarchies which paralysed rather than facilitated effective implementation of decisions, and should utilize the comparative advantages of existing bodies and organs. In that connection, the role of the regional economic and social commissions in the field of policy formulation, implementation and coordination should be further reviewed and enhanced if necessary.

The aim was to create a coordinated, efficient, result-oriented operational system, making optimum use of scarce resources and avoiding duplication of functions.

It was also vital to invest in people, with a view to national capacity-building, in order to help more countries to become participants in the international economy rather than aid recipients. His own country's new Government was committed to the pursuit of economic growth and development in

(Mr. Arcilla, Philippines)

its policies and programmes, but its efforts would need the support of the international community.

Greater coordination was also needed between the United Nations system and other multinational institutions, particularly the Bretton Woods institutions. The latter's structural reform programmes often resulted in severe economic and political hardships which other United Nations agencies were subsequently required to alleviate, and a more coordinated international response to development was necessary.

It was important to recognize the pressing importance of debt relief both for the least developed countries and for low- and middle-income countries such as his own, as well as the need for greater access to industrialized countries' markets and improved terms of trade.

Mr. DRAPER (Administrator, United Nations Development Programme) said that peace, security and development were intertwined and of equal importance to international development cooperation. No meaningful reform could be achieved without a political transaction involving all Member Governments of the United Nations, both developed and developing. The Earth Summit in Rio had shown what could be done when the political will existed, but real success would be judged by the ability of countries to carry out programmes at the national level. That could come about when national capacities were strengthened and additional resources found. Although the United Nations system had a crucial role to play, it could only play that role if it was given the necessary structure, governance and means.

Building on the reform programme initiated by the Secretary-General, he had developed a number of proposals for the restructuring and reform of the United Nations development system, dealing mainly with operational activities. First, a single United Nations country office was needed under the authority of a single resident coordinator, appointed by and reporting directly to the Secretary-General and with overall responsibility for the preparation of a single country strategy. Individual funds and programmes would be part of the new structure, each with specific and clearly defined responsibilities. At headquarters level, maximum decentralization should be pursued, together with close coordination among all field office partners. Individual roles and mandates must be clearly spelled out to avoid duplication.

(Mr. Draper)

More efficient governance should be achieved through a single high-level policy body responsible for programmes and funds, with separate small executive bodies providing operational guidance to individual organizations. Consistent system-wide personnel policies should be designed to attract and retain talented staff, with equal career opportunities and conditions of service for all. Finally, modernization would serve no purpose unless adequate resources were provided. To be effective, the United Nations development system needed predictable and significantly increased multi-year resource flows.

For the United Nations to be relevant to the national development process, there must be a single country strategy, based on national objectives and designed, in collaboration with the Government, by the entire United Nations system under the resident coordinator's leadership. The Governments of Bolivia, Malawi, Pakistan and Yemen had inspired the constituent organizations of JCGP in innovative joint programming, whose initial results had been promising and could be seen as a precursor of the development of unified United Nations strategies. The resident coordinator must not be a political United Nations ambassador but should focus on development, continuing to report directly to the Secretary-General and remaining responsible for coordinating development activities of United Nations funds and programmes. He or she must be supported by adequate financial resources and well-functioning headquarters, and have the policy and operations guidance of the individual programmes and funds.

UNDP's field network would support the resident coordinator's role in coordinating the work of the entire United Nations system. The fusion of the role with that of resident representative was cost-effective, and linked coordination firmly to funding; that was consistent with UNDP's original mandate, reaffirmed in General Assembly resolution 32/197, and in keeping with the Programme's multisectoral and management strengths.

It was clear that all programmes and funds must be more systematically integrated into the resident coordinator's function. One way to do so was to promote recruitment from the programmes and funds and, eventually, from the system as a whole.

(Mr. Draper)

He supported the idea of reforming and restructuring United Nations activities, on the basis of genuine consensus among developed and developing countries. General Assembly resolution 44/211 set forth the legislative framework for restructuring and reform; the remaining requirement was the existence of political will, which only the Member States, by their actions, could demonstrate.

Mr. AIT CHAALAL (Algeria) said that, although the issue of enhancing international cooperation for development had been under discussion for decades, the situation in the world as a whole, and in the developing countries in particular, continued to worsen each year. It was surely time to exercise political will by means of resolute action to give the Organization the means to accomplish its essential mission of promoting development and peace. The urgency of the situation was shown by the slow-down in world trade, the deterioration in commodity prices, persistent external indebtedness, and the extent of the financial needs of the former Soviet Union and the countries of Central and Eastern Europe.

Action to revitalize international cooperation for development, and to promote the role of the United Nations system in that task, should focus first of all on the exercise of genuine political will. The statement made by the President of the Security Council at the Summit Meeting of the Council, in January 1992, had recognized the dynamic link between peace and development, and should be followed up by stronger efforts to bring the economic and social dimension permanently to the forefront of the Organization's concerns. On the success of efforts to revitalize growth in the developing countries would depend the credibility of any effort to consolidate the role of the United Nations in serving international peace and security.

Revitalizing and rationalizing the Council and reforming the Organization's economic and social sectors in general should not be allowed to obscure the problems facing the third world or to delay action to deal with them. General Assembly resolution 46/182, whose adoption had stemmed from the Council's discussions during its 1991 second regular session, provided the essential benchmark for coordinating humanitarian emergency assistance.

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(Mr. Ait Chaalal, Algeria)

The outcome of the United Nations Conference on Environment and Development and of the eighth session of the United Nations Conference on Trade and Development and the United Nations New Agenda for the Development of Africa in the 1990s, testified to the growing awareness of world interdependence and the need to restore international cooperation. Efforts to give the developing countries a greater share in world trade, to develop a debt strategy which took into account the needs of all indebted countries, the foremost of which was financial and investment flows, and to guarantee an external environment favourable to their domestic structural reforms, were tasks the Council should take up as part of its coordinating role in the United Nations system. Implementation of Agenda 21 would test the developed countries' political will and the Council's capacity to carry out and coordinate a programme of genuine international cooperation.

The United Nations system's operational activities formed one of the Organization's most important tasks. The Nordic countries' proposals for reform in that regard deserved constructive consideration, bearing in mind the need to improve the impact of such activities, in which consideration of the developing countries' national programmes and priorities must remain paramount.

The Council's role was to give effect to the new international consensus on development, by means of measures and commitments aimed at providing adequate facilities in a spirit of interdependence, equity and solidarity.

Mr. HANSENNE (Director-General, International Labour Organisation) said that it must be recognized that the United Nations system's impact in enhancing international cooperation for development was real but limited. Official development assistance was increasingly extended through bilateral rather than multilateral channels, the specialized agencies' budget and staffing levels were declining in real terms, and the level of overall extrabudgetary resources for technical cooperation was limited. The specialized agencies' contribution was, therefore, increasingly marginal, the more so when the resources made available in recent years to the Bretton Woods institutions were taken into account. That fact heightened the need for coordination, of the sort which stemmed from adherence by all to a jointly defined policy rather than from strengthening administration and bureaucracy.

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(Mr. Hansenne, ILO)

Although the International Labour Organisation (ILO) was striving to adapt to member States' growing and evolving needs, and had consistently supported reform in technical cooperation, it cautioned against any tendency to bureaucratic centralization. In that context, he strongly endorsed the Secretary-General's emphasis on taking greater advantage of complementarities to contribute to common goals. It was important for each agency to work within its core mandate, and for all agencies to work in the same general direction. Greater convergence of approaches by the multilateral financial institutions was of particular importance. There had often been conflict between the measures of financial rigour insisted upon by the Bretton Woods institutions, even at the cost of social deterioration, and the social measures promoted by the United Nations and the specialized agencies. Unless there was much closer cooperation between the two groups, confusion and frustration would persist. ILO, which for some years had been exchanging information and views with the World Bank and the International Monetary Fund on the integration of social objectives into structural adjustment programmes, welcomed those institutions' growing attention to social issues. But progress in coordination with them required a joint effort; on that point, too, he strongly endorsed the Secretary-General's call for better policy coordination between the multilateral financial institutions and the other parts of the United Nations system. The development of an effective institutional mechanism for that purpose would be a major contribution by the Council and the Administrative Committee on Coordination (ACC).

The new political climate presented an opportunity, as well as the responsibility, to provide consistent advice to Governments so as to promote economic growth, social justice, human rights and democracy. As he had said when addressing the General Assembly at its eighteenth special session, the Organization must reflect on an integrated concept of development which reconciled the need for economic rigour with the no less imperative need for greater social justice and respect for human rights. The Secretary-General's initiatives to promote an integrated approach deserved full support.

Mr. Chong-Ha YOO (Observer for the Republic of Korea) said that during the past year the world had witnessed a profound change in the macroeconomic policies of many Asian, African and Latin American Governments. There had been substantial structural adjustments along the lines of liberalization, privatization and fiscal reform, and the extent to which State control had yielded to market forces around the world deserved special note. But the transition was causing hardship for many countries, owing not only to slow growth in world output but, fundamentally, to the lack of an adequate infrastructure for economic and social development. As indicated in the Secretary-General's report on enhancing international cooperation for development, the globalization of finance and production in many sectors had hampered Governments' ability to direct domestic economic and social change. The representative of Pakistan, speaking on behalf of the Group of 77, had rightly said that poverty eradication was essential to development. Since multilateral institutions did not have the necessary resources for development assistance on a global scale, investment flows played a crucial role in that regard; but the benefits were not being evenly distributed. The Commission on Transnational Corporations had indicated that foreign direct investment in the least developed countries was stagnating. Global institutions would have to play a greater role, therefore, in ensuring that investment flows and development objectives were considered together.

The United Nations system was looked to as the sole means of helping many peoples to realize their full potential. The United Nations could nurture political and economic stability; but in order to do so it must be prepared to strengthen itself and, like its Member States, be ready to carry out necessary reforms.

The United Nations system relied greatly on the specialized agencies and subsidiary organs of the Council, which should play a greater role in allocating responsibility and preventing overlap; the latter could very well undertake the responsibilities of an international development council of the sort proposed in the joint Nordic memorandum (E/1992/91). The General Assembly, however, remained the appropriate forum for decisions regarding mandates and overall objectives.

(Mr. Chong-Ha Yoo, Observer, Republic of Korea)

Although an improved division of labour would appear to centralize decision-taking in the Council, Member States must define needs and priorities at the country level, and the unified inter-agency approach must be developed accordingly on a country-programming basis. To that end, the resident coordinator system must be further integrated into the overall operational strategy; the ACC Committee on Field Activities had carried out an important overhaul in that regard. The initiatives proposed by the UNDP Governing Council at its thirty-eighth session for the resident coordinator system deserved positive consideration.

The joint Nordic memorandum had defined various alternatives to ensure a balanced distribution of the economic burdens associated with operational activities. His delegation agreed that a more systematic means of generating the relevant funds must be sought to augment the voluntary contributions currently the sole source of financing for United Nations agencies and organs, and that UNDP, rather than being regarded as the central financing body for technical assistance, should focus on its comparative advantage and emphasize human resources development and institution-building. The question of comparative advantage had also been raised, during the current high-level meetings, with reference to a division of labour between the Bretton Woods institutions and the United Nations. The expectations of the United Nations system were currently higher than ever; peace and security were clearly inseparable from economic and social development. The reforms of the United Nations system must be successfully completed in order to establish the well-being necessary for global harmony.

Mr. SHAHEED (Syrian Arab Republic) said that unless the new world order included a special effort to eradicate poverty and narrow the gap between industrial and developing countries, it would not be viable. For that reason, and in view of the changes taking place and the hopes to which they were giving rise, true international cooperation was indispensable by way of a regional response to those changes, and in that respect the work of the United Nations was fundamental.

(Mr. Shaheed, Syrian Arab Republic)

As the purpose of the current high-level segment of the Council's session was to examine the role of the United Nations in enhancing international cooperation for development, it was essential to identify the fundamental problems hindering development in developing countries so as to be able to deal with them in a direct and definitive manner. The areas towards which international cooperation might be directed included foreign indebtedness, international trade, basic commodities, human resources development, foreign aid and the environment.

Despite their differing concerns, all countries had a genuine common interest in establishing monetary and trade systems that were more open, more sound and more just, creating stabler markets for basic commodities, finding a comprehensive, lasting solution to the debt crisis and guaranteeing sustainable development through effective international cooperation in solving environmental problems.

Israeli policies and practices in the occupied Arab territories, which were subjected to daily hostilities, had resulted in an alarming deterioration in Arab living conditions and deprived the Arabs of their economic, social and cultural rights. Israel's aim was to expel the Arabs and seize their lands and natural resources and subjugate them for the purposes of an occupation based on expansionism and colonization. When Israeli aggression made it necessary for the Arabs to allocate a large portion of their resources to meeting the minimum requisites of defence, how could one talk about development?

Article 55 of the Charter of the United Nations clearly recognized the Organization's role in promoting international economic and social cooperation. It was reasonable, therefore, to expect the Organization to assume the primary responsibility for the development of the developing countries, particularly at a time when economic conditions in those countries were deteriorating at a disturbing rate. What was required of the United Nations, more than ever before, was to assume a leading role in international cooperation for development, for it was the agency in charge of planning, coordination, financing and execution.

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(Mr. Shaheed, Syrian Arab Republic)

Therefore it was essential, at the current juncture, to enable the United Nations to promote international cooperation, which constituted the foundation of its Charter, with greater justice and equality in all fields, especially at a time when the end of the cold war enabled mankind to channel enormous financial resources into economic and social development. That would not be possible unless the Organization was delivered from its constant economic crisis.

Mr. BOOH BOOH (Observer for Cameroon) said that, the conclusions of the Council's high-level meetings, which stemmed from open, democratic debate, should be taken into account by institutions in preparing their policies. His delegation therefore welcomed the proposal made by the delegation of Pakistan. With regard to policy and programme implementation, ACC and its specialized committees should play a pivotal role in deliberations and in coordinating the implementation of decisions. A centralized body might seem advisable in order to ensure effective coordination and coherence in system-wide activities; such a structure, however, could have disadvantages such as rigidity and conflict between central and peripheral bodies. Therefore, the new machinery should be flexible enough to coordinate institutions and integrate their resources and plans of action. He welcomed the move to enhance the role of the resident coordinators, as well as the decision to regard national plans and priorities as the main focus of external assistance; such measures would not only lead to more coherent action but also meet the beneficiary countries' most pressing needs.

Failure in the past to give effect to the international community's undertakings, and the lack of machinery and resources, had been major stumbling-blocks to international cooperation for development. The campaigns against drugs and to promote human rights, however, showed what the Organization could do to improve its performance in implementing development programmes. After the disappointment of the United Nations Programme of Action for African Economic Recovery and Development, it was to be hoped that the organizations in the United Nations system would be given the budgetary means to implement the United Nations New Agenda for the Development of Africa in the 1990s.

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(Mr. Booh Booh, Observer, Cameroon)

Reform and revitalization of the United Nations system should make it more action-oriented, enhancing the specialization and complementarity of its organizations, the better to meet Member States' needs. The emerging new world order called for a new balance in international economic relations, so as to consolidate peace and promote lasting development, through renewed international cooperation under the enhanced authority of the United Nations.

Mr. RAKOTONDRAMBOA (Madagascar) said that the World Economic Survey, 1992 noted a lack of real growth and a worsening of economic and social conditions in almost every region of the developing world. In Africa, in particular, the situation was particularly disquieting as a result of deteriorating terms of trade and the debt burden, aggravated by famine and drought.

World economic management had become ever more complex owing to the globalization of economic activity and the impact of economic regrouping. The structures and patterns of international economic relations had undergone profound change. New challenges were posed by the movement to democracy, by the question of assistance to countries in transition and to those affected by strife, and by the pursuit of sustainable development with the elimination of poverty and protection of the environment. Attention to those issues should not divert the international community from its duty to help developing countries overcome the major economic difficulties they already faced.

The problems were such that they could be resolved only through increased international cooperation. The United Nations Charter, in Article 55, contained clearly defined economic and social goals, and the Assembly, at its sixth special session, on a new international economic order, had called for changes in the main sectors of the world economy intended to strengthen the economies of the developing countries and establish a system for the global management of international development. In practice, such a structural approach had been abandoned in favour of partial adjustments and a crisis-management approach with ad hoc remedies. Equally, the hopes born of the eighteenth special session of the General Assembly, on international economic cooperation, had not been confirmed at the eighth session of the United Nations Conference on Trade and Development, or at the United Nations Conference on Environment and Development.

(Mr. Rakotondramboa, Madagascar)

Nevertheless, there was increasing recognition of the reality of interdependence, and of the economic development of the developing countries as an essential goal of international economic cooperation, as well as of the close links between economic and political matters on the one hand, and development, security and peace on the other.

Great stress had been placed on good management and democracy. If, at the national level, developing countries had been bold enough to undertake reform in that direction, there seemed no reason why at the international level jointly agreed rules and systems based on equality and respect for sovereignty, mutual benefit and joint responsibility could not be established.

The United Nations, as a universal forum, should play the central role in coordination and management. A clear view should be developed of the division of responsibilities between the General Assembly and the Economic and Social Council. His delegation supported the restructuring endeavours envisaged by the General Assembly and welcomed the recent reforms undertaken by the United Nations Conference on Trade and Development. Madagascar also welcomed the global management of operational activities for development with a view to mobilizing additional resources, provided that the principle of democracy was respected.

Strengthening of the system also implied organizational improvements within the Secretariat, the reform of which should go hand in hand with the restructuring of the intergovernmental machinery. So as to promote an integrated approach to development, the institutional framework for economic and social cooperation should be expanded to encompass all the actors involved, including multilateral agencies.

His delegation trusted that a consensus would emerge along those lines, a consensus that would reflect a willingness on the part of States to meet the aspirations of peoples for social progress and better standards of living within a broader freedom.

Mr. CISSE (Observer for Senegal) said that it was difficult to discuss the role of the United Nations in enhancing international cooperation for development without stressing the priority to be given to economic growth

(Mr. Cisse, Observer, Senegal)

in the developing countries, particularly in Africa. The developing countries' negative economic indicators spoke for themselves. The difficulties faced by the African countries in promoting economic growth were largely due to restricted market access, dwindling financial flows, restrictions on the transfer of technology, and indebtedness.

The first step towards rectifying that situation was to implement the many resolutions and programmes adopted by the United Nations to promote international cooperation for development. Implementation of the United Nations New Agenda for the Development of Africa in the 1990s was an imperative necessity. Secondly, peace and security went hand in hand with economic progress and respect for human rights. The elimination of poverty and of the inequalities prevailing in the world economic system was an essential element in the maintenance of peace and security.

His delegation did not agree that the revitalization of the Economic and Social Council should result in the elimination of the Second and Third Committees of the General Assembly. While there was scope for rationalization, account should be taken of the responsibilities for economic and social matters conferred by the Charter upon the Assembly, which remained the most democratic and universal organ.

Senegal welcomed the Nordic proposals regarding an international development council and burden-sharing with regard to the financing of development. With respect to the regional commissions, there was a need for an integrated approach and for their resources to be increased. The proposal to unify United Nations representation at the country level would lead to greater efficiency, but must not result in any reduction in the financial or human resources available to the various programmes.

Lastly, his delegation welcomed the proposals for a world summit for social development, and for international conferences on development financing and on population and development, all of which should serve to promote international cooperation for development and social progress.

Mr. AKSIN (Turkey) said that the recent transformation of the world scene made it even more necessary for the Economic and Social Council to review its functioning so as to better meet the requirements of Member States.

(Mr. Aksin, Turkey)

The ad hoc growth of the economic structure of the United Nations had resulted in bewildering complexity, compartmentalization and duplication. Since economic and social development were as important as peace and security in attaining the purposes of the Charter, a properly functioning Economic and Social Council was as essential as a properly functioning Security Council. There was general agreement that in economic terms the United Nations had not performed as foreseen in the Charter. The time had come to change that situation and restore the role of the United Nations in development.

There were two dimensions: the conceptual aspect relating to policy-making, and the practical aspect of activities geared towards implementation. His delegation had noted the Nordic proposal to establish an international development council, but thought that the functions that would be assigned to it could be carried out without creating a new body. The new Economic and Social Council could serve as the setting for consideration of development issues.

More focus was needed in the selection of the theme for the high-level segment of the Council's session; the theme selected for the current session was perhaps too general. Follow-up to decisions originating at the high-level segment should be left to the General Assembly, where the total membership of the Organization was represented. The operational activities segment should also be useful in examining relevant issues.

His delegation agreed that the regional commissions had a useful role to play in the new set-up and that their work should be reorganized accordingly. He also agreed that economic issues should be discussed only once, either in the Council or in the Second Committee. The agenda of the Economic Committee of the Council should be reviewed in conjunction with that of the Second Committee of the General Assembly. Lastly, his delegation supported the Pakistan proposal to establish an ad hoc working group, as a follow-up to the high-level segment.

Mr. NAKAJIMA (Director-General, World Health Organization) said that the World Health Organization (WHO), as a specialized agency, was responsible for field interventions that related to some degree to the four areas for action delineated by the Secretary-General in his report to the high-level

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(Mr. Nakajima, WHO)

segment: preventive diplomacy, peacemaking, peace-keeping and peace-building. Similarly, WHO, by the very nature of its specialized field of competence, was entrusted with a triple function: prevention, on-the-spot action in the face of immediate need, and health promotion and development. Further, WHO was expected to assume world leadership for the definition of health-related standards and health objectives and policies, as well as to act as a coordinator for the delivery of health services under its programme of cooperation with developing countries.

Such experience raised the question of the practicality of overly restricting the operational role and leeway for initiative of the specialized agencies, the Economic and Social Council, the various United Nations programmes and funds, and the Bretton Woods institutions. Perhaps the central concept to be applied was that of "human security", whereby peace would be not just the absence of armed conflict, but would be viewed in terms of the general welfare of all human beings. The United Nations should rally round such an integrated approach to human security. That presupposed the genuine reuniting, through concerted action, of the United Nations itself, the specialized agencies and the Bretton Woods institutions. The high-level segment clearly showed the desire of Member States for reform of the United Nations system as a whole. WHO, for its part, had established a working group on the question, and would work closely with the Secretary-General of the United Nations to reform ACC.

The meeting rose at 1.15 p.m.

UNITED
NATIONS

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Economic and Social Council

PROVISIONAL

For participants only

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15 July 1992

ORIGINAL: ENGLISH

Substantive session of 1992

High-level segment

PROVISIONAL SUMMARY RECORD OF THE 18th MEETING

Held at Headquarters, New York,
on Wednesday, 8 July 1992, at 3 p.m.

President:	Mr. MROZIEWICZ	(Poland)

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Enhancing international cooperation for development: the role of the United Nations system (*continued*)

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The meeting was called to order at 3.35 p.m.

ENHANCING INTERNATIONAL COOPERATION FOR DEVELOPMENT: THE ROLE OF THE UNITED NATIONS SYSTEM (continued) (E/1992/27, Supplement No. 7, E/1992/40, E/1992/64, E/1992/82 and Add.1)

Mr. BIVERO (Observer for Venezuela) said that the United Nations currently had a unique opportunity to redefine its functions and operational methods for strengthening international development cooperation. Recent political and economic changes offered the international community a chance to more effectively address the problems of unsatisfied human needs, inequitable social development and persistent imbalances in sustained economic growth. Venezuela welcomed the Secretary-General's efforts to streamline the work of the Organization in pursuit of those objectives.

With regard to future development priorities, his country attached particular importance to social development and the strengthening of human resources. Progress in the social field depended, however, on a common understanding being reached on the issues of resource flows, liberalization of international trade and coordination of macroeconomic policies. The Council was in a unique position to promote through dialogue and compromise greater acceptance of the concept of the interdependence of those two spheres of policy.

In Venezuela's view, economic and social development in the 1990s would depend more on the overall flow of resources than on the management or financing of operational activities. The flow of resources would require economic reforms and the liberalization of trade and investment regimes and would determine the limits to the social costs of structural adjustment. Using its new working methods, the Council should place emphasis on those international economic policies designed to ensure that recent reforms were consolidated by resource flows earmarked for productive investment and social

(Mr. Bivero, Observer, Venezuela)

improvement. The Council should also review current decision-making mechanisms on matters affecting the global macroeconomic environment in order to avoid duplication. The challenge before the Council was to provide guidelines for and enhance the effectiveness of international cooperation. In that connection, Venezuela welcomed the high-level dialogue currently taking place in the Council. Such a substantive dialogue was essential to restoring the credibility and effectiveness of the Organization.

His country recognized the relationship between peace and security on the one hand and economic and social development on the other. Both areas of international policy required the expert attention of the specialized agencies. In that regard, the high-level Commission on Sustainable Development to be established by the General Assembly at its forty-seventh session represented a significant step. The proposed summit meeting on social development would also enhance recognition of the urgent need to give economic interdependence a human dimension.

Mr. HATANO (Japan) said that structural change since the end of the cold war had made it possible to discuss development issues using a common vocabulary and within a framework of participatory democracy. A foundation had been laid for pragmatic cooperation free of ideological differences and confrontational posturing.

The United Nations was uniquely qualified as a forum for the discussion of development strategies and policies, but it was questionable whether the General Assembly and the Economic and Social Council were living up to their potential. In contemplating how United Nations activities might be rendered more effective, it was useful to recall the International Development Strategy for the Fourth United Nations Development Decade, which had clearly outlined fundamental aims and special priorities. A number of United Nations funds, programmes and agencies having the mandate and capability to implement activities in any of the Strategy's priority areas were already in place. What was missing was a blueprint for translating the goals of the Strategy into specific policies. The Strategy must be incorporated into the development programmes of recipient countries; such programmes would of course differ from country to country, but each should serve as a blueprint for

(Mr. Hatano, Japan)

activities in the country concerned including those in which bilateral donors and international organizations were involved. Without such blueprints, the United Nations system would not be able to respond appropriately to the changing needs of Member States.

The structures and agendas of the General Assembly and the Council should be reviewed, and the subsidiary bodies further streamlined, so that the United Nations might emerge as a leaner, more flexible system.

Within the United Nations system, the focus of operational activities must be "in the field". A unified United Nations presence at the country level was essential, with a sole resident coordinator acting as ambassador, and representatives of the various programmes and funds acting as counsellors in charge of their respective sectors. At the same time each United Nations programme and fund should further decentralize its institutional arrangements in order to enhance its flexibility at the field level.

To meet the challenges of a changing world, the United Nations must undertake bold, innovative and perhaps even painful reform measures to enhance the effectiveness of its economic and social activities.

Ms. MAIR (Jamaica) said that the social and economic mandates and structures of the United Nations system had the responsibility and the potential to address the global issues facing an increasingly interdependent world and, above all, to address the issue of poverty. However, only a reorganized and revitalized United Nations system could effectively carry out its mandates. People must be its central preoccupation and its overwhelming mandate: a new, strong vision of development was needed, a holistic vision that was people-centred, equitable and sustainable. It also implied a new partnership for development of equal sovereign States prepared to share their sovereignty for the good of their citizens, who inhabited a shared planet.

The challenge of translating those ideals, goals and mandates into effective structures and operations started at the policy-making level in the sectoral agencies which, however, functioned in virtual autonomy; hence the uncoordinated implementation of development policies and overlapping responsibilities. The national level of field operations bore the brunt of that uncoordinated modus operandi, and it was developing countries which ultimately lost out. United Nations technical assistance was, or should be, designed to build national capacity for ultimate self-sufficiency, and that was not possible with such ineffectual governance and without adequate resources. At the same time, the goal of achieving operational efficiency must go hand in hand with the goal of democratic and transparent decision-making and management.

Developing countries' indebtedness was one of the biggest single factors inhibiting the capacity of countries like Jamaica to provide social and economic security to their citizens. Often, the culprit was official debt owed to the Bretton Woods institutions and accumulated in the quest for economic growth through the funding of development projects and financing of stabilization and adjustment processes. Relevant questions had been raised about the relationship of the international financial institutions with United Nations agencies, particularly in the light of the World Bank's increasing activities in technical assistance.

In conclusion, she welcomed the proposal for an open-ended working group put forward by Pakistan, on behalf of the Group of 77.

Mr. GHAREKHAN (India) said that any attempt at reform in the economic and social sphere of United Nations activities should not infringe upon the very basis of multilateralism: the principles of universality, democratic functioning and the sovereign equality of Member States.

With every year that passed, the global agenda was becoming more complex. The role of United Nations debate in understanding that complexity must not be marginalized. Political debate in the General Assembly leading to consensus on development cooperation was a vital function that should not be abridged or brushed aside. Equally important was the question of delivery, of translation into action. There was an increasing feeling in the world that the United Nations response mechanism in the economic field could be strengthened, to everyone's benefit.

One recurrent theme in the Secretary-General's reports for the high-level segment had been the causal relationship between the crisis in development and political and social upheaval. While ethnic, religious and social tensions also underlay civil strife, they were exacerbated by economic inequalities and

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(Mr. Gharekhan, India)

deprivation. In several parts of the world, economic interdependence and the benefits of peace had helped to push social and other tensions into the background. Economic development, therefore, would in itself help in avoiding conflict.

While tackling in a symptomatic way the consequences of disasters and conflicts, the United Nations system must simultaneously pursue the larger goal of cooperation for development. Interdependence was more than chimerical.

His delegation wished to stress the need for more assured and stable funding for operational activities. Attempts at harmonization of internationally accepted goals should be sensitive to country-specific policies, priorities and programmes.

India welcomed institutional reform, particularly if it ended duplication, enhanced democracy and transparency and gave the Organization a businesslike orientation. The Council might confine itself to high-level political advice, coordination and operational activities, while the issues debated in its Economic and Social Committees might be more comprehensively discussed in the committees of the General Assembly, the appropriate universal body to discuss those important issues.

At the current session, there had been several proposals for revitalizing the Council. All reflected a pervasive and justifiable will to change. However, before they could be accepted or rejected they must be more fully thought out. If new ideas were to become the major focal points for discussion for further reform then it would seem that reform itself was the end and not the means for enhanced development cooperation.

Mr. SARDENBERG (Brazil) said that events of the past few years had generated the expectation that the improved international political environment would facilitate the achievement of the ideals of cooperation envisioned in the United Nations Charter. Thus far, however, progress had not been equal in all spheres. Although the revitalization of the Security Council had given renewed credibility to United Nations actions as a central factor in ensuring peace and security, the Organization's activities in the field of economic and social development had proved less effective.

(Mr. Sardenberg, Brazil)

The success of the national economic policies of the developing countries was largely contingent on a positive response to those policies at the international level. His Government was concerned that a prolonged stalemate in the Uruguay Round would seriously jeopardize the multilateral approach to international trade by reinforcing trends towards the formation of closed trading blocs and undermining trade-liberalization reforms of the developing countries, which often had been implemented amidst serious fiscal difficulties and at a high social cost. Similarly, entrepreneurship in the developing countries would be hampered by non-economic barriers to the free flow of knowledge and to equitable access to markets and technology.

Genuine international economic cooperation - which was much broader than technical assistance and policy advice - was nothing less than the framing of an international order with international patterns of State interaction in the areas of trade, finance and technology that were favourable to economic growth and sustainable development. There were encouraging opportunities for international economic cooperation, which could build, inter alia, on the International Development Strategy for the Fourth United Nations Development Decade, the Cartegena consensus and General Assembly resolution 45/264 on the restructuring and revitalization of the United Nations in the economic, social and related fields. New initiatives, including the Nordic memorandum on reform of United Nations governance and finance (E/1992/91, annex) and various proposals advanced during the high-level segment should be incorporated in the institutional framework for revitalization, while preserving the principle of democratic participation in decision-making. The remarks by the representative of India concerning institutional reform were of considerable merit in that regard.

The results of the United Nations Conference on Environment and Development recently held in Rio de Janeiro had eloquently demonstrated the ability of the international community, working at the highest political level, to elaborate a constructive agenda for action on issues of universal concern. The Conference, which had established sustainable development as a keystone of international cooperation on the basis of mutuality of interests

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(Mr. Sardenberg, Brazil)

and recognition of common but differentiated responsibilities, had opened up prospects for cooperation in matters of particular concern to many developing countries, including desertification. The Commission on Sustainable Development to be set up by the General Assembly would play a key role in translating the spirit of Rio into action, and efforts undertaken to follow up on the Conference would prove an acid test of the political will to act decisively to promote development and protect the environment. He pledged his Government's continuing commitment to those goals.

Mr. AL-FAIHANI (Bahrain) stressed the importance of enhancing international cooperation for development and the role of the United Nations system, particularly in view of the services it provided to Member States in accordance with the United Nations Charter. The United Nations was unique in providing a framework for understanding and social cooperation among States, and while it could not solve the world's development problems by itself, but relied on the assistance of the Member States, it played an essential role in negotiating far-reaching solutions and served as a link between the advanced and the developing countries.

Without the assistance which the United Nations had provided to developing States since its inception and without the efforts made by those States, it would clearly have been impossible for some developing countries to achieve advances in certain economic fields and in their standard of living. In order to preserve those advances, the United Nations must continue to offer its experience and assistance to those developing countries which had made significant progress in specific economic areas. In the past, considerable experience and assistance extended by the Organization had borne little fruit in terms of development. It was therefore important for the Organization to continue to encourage developing countries which had achieved some success in economic fields, rewarding them through development assistance wherever needed.

The United Nations must continue its leading role in international cooperation for development, to which end the cooperation of all Member States was required. That could be achieved only through a policy founded on support and assistance to all developing States, and no State should be excepted on the basis of differing developmental considerations.

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Mr. JOMAA (Observer for Tunisia) said that the report of the Secretary-General (E/1992/82 and Add.1) merited thorough consideration. At a time of rapid change in the international political, economic and social arenas, marked by a very clear recognition of the true interdependence of countries, the United Nations should continue to play a leading role in the elaboration of the rules governing international relations. Its decisions, resolutions and recommendations and those of the specialized agencies concerned with development should be enforceable.

Unfortunately, many of the objectives established by the international community decades earlier had not yet been attained. The same energies which had been expended to strengthen the Security Council's role in the maintenance of peace and security should now be focused on enhancing the entire Organization, particularly those bodies concerned with development. The revitalization of the Economic and Social Council was a key element of that effort. General Assembly resolution 45/264 should serve as the basis for all future action in that regard, with a view to ensuring a truly integrated approach to economic, social and related issues. The suggestions of the Secretary-General, the Nordic countries and other delegations merited careful consideration, and he welcomed the idea of convening a working group to that end. The Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries and the International Development Stategy for the Fourth United Nations Development Decade provided the framework for the desired integrated approach.

It was urgent to find a lasting solution to the debt problem faced by a number of developing countries. Accompanying efforts should be made to stabilize currencies and encourage investments which did not generate new debt. He also underscored the importance of technical cooperation, which should enable developing countries which had the requisite human resources but lacked funds to participate in the development of other developing countries. Furthermore, a stronger multilateral trade environment would facilitate the integration of the developing countries in the world economy and attenuate the problems they often faced when introducing more liberal economic policies, particularly in the social sphere. His country attached high priority to the

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(Mr. Jomaa, Observer, Tunisia)

development of the individual and respect for human rights and therefore endorsed the idea of convening a world summit on social development.

Now that the recent Rio Conference had so forcefully underscored the fact that development and respect for the environment were inseparable, the United Nations should play the central role in action subsequent to the Conference. The establishment of the new Commission on Sustainable Development that would report to the Council was to be welcomed.

Mr. KABIR (Bangladesh) said that the report of the Secretary-General (E/1992/82 and Add.1), his introductory statement and the policy dialogue and exchange of views with heads of multilateral financial and trade institutions of the United Nations system had been very useful. It was time to seize the opportunity of East-West *détente* to devote priority attention to global development. The United Nations was now in a unique position to assume a leadership role not only in the maintenance of peace and security, but also in respect of economic and social development and environmental matters. His delegation welcomed the Secretary-General's initiative to reform and revitalize the Organization. The Nordic proposals in document E/1992/91 also constituted a valuable contribution to more efficient and dynamic United Nations participation in the coordination and operational aspects of economic and social activities.

Reforms must not be viewed as an end in themselves, and they must be pursued simultaneously with measures to accelerate social and economic development, and in particular, to eradicate poverty in the developing world. It was essential to increase resource flows to the developing countries, dismantle protectionism in international trade, increase market access, ensure fair commodity prices, promote the transfer of technology and resolve debt problems.

His delegation agreed that a closer relationship should be forged between the organs of the United Nations system and the Bretton Woods institutions. However, the existing system, based on the principles of neutrality, democratic decision-making, transparency, respect for the sovereignty of Member States, non-conditionality of assistance and the provision of assistance on the basis of the needs, policies and priorities of recipient countries should be retained.

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He underscored the urgency of implementing the Programme of Action for the Least Developed Countries for the 1990s, noting with concern that assistance to those countries from their development partners had failed to reach established targets. Debt-relief efforts must be broadened and intensified to include all the least developed countries. Because that group of countries had been enlarged, provision for new and additional resources was of prime importance. His delegation hoped that special measures to mitigate their plight would be adequately reflected in the President's summary of the high-level segment.

Many developing countries, including his own, had instituted major policy reforms at considerable social and political cost. However, the external economic environment had not been conducive to the success of those policies owing to serious resource and technological constraints.

His delegation welcomed the recommendations of the United Nations Conference on Trade and Development (UNCTAD) at its eighth session with regard to the least developed countries, economic cooperation among developing countries and sustainable development, and emphasized the importance of strengthening the UNCTAD division concerned with least developed countries during the UNCTAD reform process. His delegation was encouraged by the outcome of the recent Rio Conference and envisaged a leading role for the United Nations in activities to support the efforts of the developing countries to achieve sustainable development. It also welcomed the decision to establish a Commission on Sustainable Development and the proposal for a future world summit on social issues.

It was of the utmost importance that the United Nations should be provided with the adequate mandate and means to carry out its responsibilities. The proposal put forward by Pakistan on behalf of the Group of 77 to establish a working group to follow up the discussions at the high-level segment was welcome in that connection.

Mr. KOSTARCZYK (Poland) said that, while he welcomed the proposals aimed at restructuring existing machinery, he agreed with those delegations which had cautioned against a proliferation of programmes and organs, overlapping and duplication.

(Mr. Kostarczyk, Poland)

His delegation was pleased with the progress already made in restructuring the Council, in particular the merging of the two substantive sessions and the decision to convene a high-level segment. It also favoured the convening of high-level inter-sessional meetings and endorsed the proposal to establish an open-ended working group.

His delegation supported steps to increase the effective functioning of the Administrative Committee on Coordination and noted with satisfaction the relevant points made by the Secretary-General. It was of the utmost importance to define the functional interrelationship between the Council and the General Assembly, in particular the latter's Second and Third Committees, in order to avoid duplication. His delegation also agreed with the need to improve the governance of operational activities. The Nordic memorandum (E/1992/91) constituted a good basis for decision-making in that regard, and the experience of the World Bank and the International Monetary Fund (IMF) would also prove useful. His delegation favoured the unification of United Nations representation at the country level as a matter of principle, with a view to enhancing coordination at the country level and strengthening cooperation between the Organization and the countries concerned. Steps in that direction had recently been taken in his country.

Lastly, his delegation endorsed suggestions calling for enhanced interaction and communication between the regional commissions and other components of the United Nations system and between the constituent organizations and the Council.

Mr. SUTRESNA (Indonesia) said that new opportunities for multilateralism were opening up in the 1990s. As a result of the end of the cold war and the arms race and owing to rapid innovations in science and technology, prospects for growth and development were improving as national interests converged and recognition of the need for multilateral cooperation increased. Nevertheless, it would be almost impossible to revitalize multilateral cooperation for development without a revival of the world economy. World output had declined by 2 per cent in 1991, with grave consequences as economic and social conditions deteriorated.

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(Mr. Sutresna, Indonesia)

As the principal forum for multilateral cooperation with universal membership, the United Nations was uniquely suited to promoting cooperation for development. Nevertheless, there was no specific international mechanism for that purpose and the economic gap between the developed and developing countries continued to grow. Low commodity prices, diminished access to markets and crippling debt burdens continued to characterize the plight of the developing countries. In view of the growing relationship between the political and the socio-economic fields, stability and security must be based on social and economic development. Peace-building efforts that incorporated the concept of broad-based equitable development were critically needed.

The United Nations was uniquely positioned to achieve its full potential in the economic and social fields. The consensus on multilateral cooperation for development achieved at the eighteenth special session of the General Assembly should be translated into specific and feasible programmes. His country called for a harmonized and integrated approach to United Nations activities and supported the Secretary-General's proposal to establish closer links between the international financial institutions and the United Nations system. The Non-Aligned Movement had recently given its full support to the ongoing revitalization of the United Nations, particularly the Council and its subsidiary bodies. In that context, he stressed the need to strengthen the political role of the General Assembly.

The United Nations had greatly expanded its activities in such areas as drug control, refugees, women in development and the rights of the child. In order to deal effectively with the many social development issues in the future, the Organization must take action forthwith to enhance its capacity to meet commitments. The Council should play a central role through policy guidance and reporting on social and economic development and should provide a cohesive structure for setting priorities and ensuring efficient use of resources.

Mr. SOMAVIA (Chile) stressed the need to carry out reforms in the administrative and financing bodies involved in United Nations operational activities in order to prevent duplication, improve programme implementation and develop better management and monitoring approaches without detriment to the principles of universality, neutrality and democracy.

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(Mr. Somavia, Chile)

He supported the Nordic proposal concerning an international development council. Nevertheless, the Economic and Social Council itself should establish cooperation objectives and strategies, provide guidance for operational activities and coordinate the work of the executive bodies. His delegation opposed abolition of the Second and Third Committees of the General Assembly, which were the sole bodies with universal access for discussing economic and social policies. Nevertheless, the agendas of those Committees and the Council itself should be rationalized to eliminate duplication. Chile supported the proposal to set up a small executive body for each agency. If such bodies functioned effectively and met frequently, they could ensure greater participation in and real control over operational activities. The members of those bodies should take account of regional interests and ensure that countries that were not members were adequately informed, consulted and represented through the various regional groups.

The United Nations regional commissions should be strengthened in all regions. The discussions in the Economic Committee had demonstrated the broad support for their activities. The dialogue with the heads of the Bretton Woods institutions should be expanded and there was a need to ensure better coordination between IMF, the World Bank and the Council. The Council could consider developing a dialogue with the representatives of Governments in those institutions.

The statements made by the heads of the specialized agencies had been very useful and contained constructive proposals. The financing of operational activities was an important issue. To be effective, the reform must be based on a greater commitment to cooperation activities and, therefore, increased resources. Accordingly, the consideration of institutional reforms should include an examination of the necessary financial measures.

Mr. NANDOE (Suriname) said that trade barriers and unequal access to the world's financial and labour markets were costing third world countries $500 billion annually in lost economic opportunities. That was equivalent to 10 times the amount of the foreign assistance provided to poor countries. The roots of insecurity, including economic and social injustices leading to poverty and repression, should be addressed. There was a need to formulate a concept of security based on health, education and equality of opportunity. One of the most serious obstacles to implementing economic and social programmes was the limited availability of funds. As a percentage of GNP, the aid from donor countries had remained at 0.34 per cent.

Very clear proposals had been made with regard to governance and finance. His delegation appreciated the views put forward by the Nordic countries (E/1992/91), which were aimed at further streamlining the Organization. The objective should be to ensure an effective, predictable and stable flow of funds for development. It was fortunate that some developed countries recognized the need to give a major impetus to United Nations institutions in the field of economic and social development. He hoped that during the discussions in the open-ended working group proposed by the Chairman of the Group of 77, the importance of the availability of the funds would be accepted by the major donor countries. Lastly, he stressed that the work of redefining development priorities and reforming the economic and social sectors of the United Nations should not in any way be to the detriment of the ideals of democracy and collective decision-making.

Mr. CORTES (Observer for Nicaragua) said that he supported the proposal made by Pakistan on behalf of the Group of 77 for the establishment of an open-ended working group to consider international cooperation for development before the next session of the General Assembly. His delegation agreed fully with the views expressed by Mexico on the relationship between peace and security on the one hand, and United Nations cooperation for development on the other. Both aspects, however, should be evaluated on their own merits by the competent forums of the Organization. Nicaragua also agreed that the decisions on restructuring the Council should be taken by Member States, with participation by other actors where advisable.

He supported the overall approach suggested by the Secretary-General in order to enhance the effectiveness of the Organization through better coordination of the various components of the system. His delegation attached particular importance to the balance to be established between the functioning of the General Assembly, the Economic and Social Council and the Security

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(Mr. Cortes, Observer, Nicaragua)

Council and felt that the office of the President of the General Assembly should be strengthened to enable him to carry out a basic role in promoting the implementation of resolutions.

The Council should step up its work in analysing and monitoring official development assistance and its consideration of the conclusions reached on the transfer of financial resources by the IMF/World Bank Development Committee in order to define part of the functional link with the Bretton Woods institutions. He stressed the need to refrain from interfering with the functions and internal decisions of the executive bodies of the World Bank and IMF but rather to focus attention on a substantive dialogue concerning development policies and to set up flexible mechanisms for communication, follow-up and evaluation. The Council could evaluate biannually the financial policies of the multilateral agencies, or informal periodic meetings could be held between the President of the Council and the Chairmen of the IMF/World Bank Development Committee and the IMF Interim Committee. Through those contacts, the Council could determine the medium- and long-term prospects for world financial flows and at the same time provide the two Committees with information in order to define the nature of such funds.

Reform in the economic and social fields should promote the North-South dialogue. The results of recent conferences demonstrated that it was possible to reach agreement through negotiation on the basis of mutual interest and shared responsibility. They included the Cartagena Commitment reached at the eighth session of UNCTAD, Agenda 21 emerging from the recent Rio Conference, as well as the Declaration on International Economic Cooperation adopted at the eighteenth special session of the General Assembly and the International Development Strategy for the Fourth United Nations Development Decade. Those agreements should provide the framework for action by the Council. With the necessary political will, it should be possible to arrive at other key North-South agreements in the next few years.

The Council should promote a dialogue aimed at overcoming international imbalances. Without an overall view and commitment, the adjustment processes in developing countries would always be temporary and insufficient. However, the revitalization of the Council should not become an end in itself, but should serve to strengthen international cooperation for development, including human development in all its various forms. Organizational changes must be based on changes in attitudes in order to be lasting.

Mr. O'BRIEN (New Zealand) said that valuable suggestions had been put forward by the Secretary-General and the Nordic countries and that current discussions in the high-level segment augured well for a comprehensive and considered review of the United Nations role in development. In particular, recognition of the link between policy initiatives of the United Nations system, its technical assistance programmes and the work of the Bretton Woods institutions had opened up new lines of communication, especially valuable in an increasingly interdependent world.

While the goals for reform were generally agreed on, the mechanisms for their achievement remained less clear. Steps were urgently needed to overcome the current marginalization of the United Nations in development, but it was also essential to proceed with reform in a considered way, taking account of new developments. To that end, the United Nations must play a central part in the follow-up to the recent Rio Conference, and the reform of the General Assembly and the Economic and Social Council must be undertaken in concert with the creation of the Commission on Sustainable Development, to ensure an appropriate distribution of responsibilities.

Smaller countries like New Zealand readily subscribed to the Secretary-General's central premise concerning the close interrelationship of peace and security on the one hand, and economic and social development on the other; but he stressed that the economic and social mandate of the Organization should not, as a result, be subsumed under its political mandate, and expressed his delegation's support for an integrated United Nations approach with a renewed and updated development thrust. In addition, he agreed with the need for a better system-wide distribution of responsibilities and an improved balance between functions performed at Headquarters and by regional commissions and programmes, and supported the idea of a unified United Nations field presence with the designation of resident coordinators.

With regard to the proposed reform of individual agencies, designed to streamline the system, New Zealand was not convinced that smaller executive

(Mr. O'Brien, New Zealand)

bodies would ensure more effective management and stressed the need to maintain current levels of participation by smaller States, on the basis of equality, in the future governance of United Nations bodies.

It was paradoxical that, in a time of political multilateralism, the commitment to economic multilateralism could not be taken for granted, as was evidenced by the uncertain prospects for the Uruguay Round. Even the important process initiated by the Group of Seven major industrialized countries remained outside the multilateral economic framework. None the less, the serious dialogue in the high-level segment had furnished proof of a shared commitment to enhancing the United Nations role in development and he hoped that the Organization would prove capable of seizing the historic opportunity presented to it.

Mr. MONGBE (Benin) said that the transformation of international relations had enabled the General Assembly to concentrate on the search for solutions to economic and social problems, as evidenced by numerous important United Nations conferences over recent years and by the elaboration of various development-related programmes of action.

Benin believed that the United Nations must play a leading role in elaborating and implementing a rational policy to promote international cooperation for development. In particular, it was essential to recognize the right to development as an inalienable right; to promote regional or subregional economic integration policies; to stimulate economic development through programmes of action aimed at environmentally sound development; to improve the international economic climate by promoting the transfer of technology; to support the creation of an open and equitable trade system and the diversification and modernization of the economies of developing countries; to develop integrated environmental, resource-mobilization and job-creation programmes for underprivileged countries; and to persuade the rich countries to provide the necessary financial and technical assistance to developing countries, in particular the least developed and the small island developing countries.

His delegation welcomed the adoption of the United Nations New Agenda for the Development of Africa in the 1990s and believed that, if properly

(Mr. Mongbe, Benin)

implemented, the programme would encourage specific cooperation measures and would help overcome the marginalization of Africa. The Organization must endeavour to promote the programme in every region of the world capable of assisting Africa in its development efforts. Particular attention should therefore be given to the implementation machinery, and the Office of the Special Coordinator for Africa should be sufficiently well-staffed and equipped to ensure that it could operate effectively and mobilize the necessary resources.

Benin had noted with interest the review of the current development-financing mechanisms contained in the Nordic countries' memorandum (E/1992/91) and believed that their proposals should be carefully examined.

At the institutional level, his delegation warned that the restructuring of the Economic and Social Council should not be aimed at creating an "Economic Security Council", with permanent members, thus reinforcing the exclusion of the developing and small countries, both of the North and of the South. Economic problems were common to all Member States, and all should therefore participate in decisions. In particular, Benin believed that the Commission on Sustainable Development approved at the Rio Conference should play a key role in a revitalized Economic and Social Council, entrusted not only with monitoring implementation of the decisions of the Conference but also with promoting environmentally sound patterns of production and consumption.

In conclusion, he said that the Organization was at a turning-point in history, where serious multilateral dialogue should be initiated to address the numerous challenges of international cooperation and to usher in a new age of peace and security.

Mr. AYALA LASSO (Ecuador) said that it was all too frequently believed that international cooperation constituted generosity on the part of the "haves" towards the "have-nots". That belief was false and dangerous because international cooperation for development was the logical consequence of a humanistic concept of the dignity of the human person and of human solidarity. Rich societies had an inescapable moral obligation to contribute to the well-being of the poor. International cooperation for development,

(Mr. Ayala Lasso, Ecuador)

which had thus far been conceived of as a policy to be freely adopted or rejected, had been totally ineffective and the gap between the rich and poor had consequently increased to inhuman proportions, thereby constituting one of the prime causes of instability and endangering international peace and stability.

The international community had generally recognized the principle that it was impossible to achieve development without peace or peace without development. Thanks to modern communication technologies, the poor in the developing countries were well aware of how people in the developed countries lived, and everywhere individuals were increasingly demanding respect for their rights and an end to inequality and injustice. The recent lessening of international tensions had raised hopes for a better and more just world. The dashing of those hopes was giving rise to serious conflict. It was therefore time to purposefully address those problems and to adopt decisions that would satisfy universal aspirations for progress. In that regard, the reforms in the Council's method of work were a step in the right direction.

The United Nations needed to adapt its role to the changing international situation. With the cold war over, the Organization now had to wage a war against poverty, finance peace and not war, work to save lives and not to bring death, and create a world that was more just and balanced. Improving the quality of life of people and promoting international social justice should be the main concerns of the international community.

Ecuador attached particular importance to the proposed world summit for social development, which represented yet another response by the Organization to the problems of the world community and would provide a suitable forum for all countries to reflect on appropriate mechanisms for satisfying the human yearning for justice.

Mr. AL-KHARASHI (Observer for Saudi Arabia) said that international cooperation for development could not proceed unless States abandoned protectionism and trade policies that adversely affected the interests of other States.

In the case of environmental and energy issues, an international political will to intensify international cooperation and refrain from

(Mr. Al-Kharashi, Observer, Saudi Arabia)

unilateral measures was essential; more research must be encouraged in order to diminish the considerable scientific doubts that still surrounded the subject of climatic change, and any measures proposed must be comprehensive and must apply to all elements without discrimination. It made no sense to promote the use of energy sources and technology which were environmentally unsafe and the subject of considerable scientific doubt. The conditions and needs of both the developing countries and the world economy must be taken into account in the solutions proposed, so as not to impose high-cost structural changes on the economies of those countries, impair their development priorities or add to their financial burdens; rather, the industrialized countries should help them to avoid environmentally unsound aspects of development and to fight poverty and underdevelopment, which were among the major causes of environmental degradation.

Concerning the relationship between environment, energy and world economic growth, his delegation doubted that the proposed tax on certain fossil fuels could solve a problem world-wide in scope or reduce emission levels in the long run. Such a tax would have a severe impact on the economies of developing countries.

The cold war having come to an end, the economically strong nations must provide increased development assistance to developing countries, especially the poorest, and must strive to achieve the target figure of 0.7 per cent of gross national product. Saudi Arabia, in keeping with its humanitarian and cooperative role with respect to those States, had used 5.45 per cent of its gross national product for grants to developing countries; it ranked first in the world in terms of that percentage, and for a number of years had been second only to the United States in terms of the volume of financial aid provided. Indeed, during the period from 1973 to 1990, the total development assistance granted by the Kingdom through bilateral, regional and international channels had amounted to approximately $64 billion, benefiting 70 developing countries.

The Gulf crisis had impaired the region's development and its international cooperation. It was thus incumbent upon the world to take every

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(Mr. Al-Kharashi, Observer,
Saudi Arabia)

measure to ensure that there would be no repetition of that tragedy, of which both human beings and the environment were the victims.

The SECRETARY-GENERAL said that he had followed the debate in the high-level segment with interest and fully concurred with the view of participants concerning the need to reform and revitalize the Economic and Social Council. A number of useful proposals had been put forward, including those by the Nordic countries, the Netherlands and the United States, and he assured delegations that their many concerns would be taken into account in the restructuring.

Notable among those concerns were: the need for a more effective and stronger structure, avoiding duplication at the intergovernmental level and with the Secretariat; the need to draw up more rational and appropriate plans of action; in the revitalization exercise, ensuring respect for the democratic principles that underlay all decision-making in the United Nations; the need to secure a sufficient and stable supply of technical and financial resources, and to make contingencies for possible emergencies; and the need, at all times, to ensure respect for sovereignty and to observe the principle of neutrality. In addition, special attention would be given to the institutional arrangements for the implementation of Agenda 21, the cornerstone of international cooperation and a priority area of reform.

He fully shared the concerns of the members of the Group of 77 and other delegations about low economic growth in the industrialized countries, lack of access to Western markets for the exports of developing countries, their debt burden and obstacles to the transfer of science and technology. The persistent imbalance in the world economy required efforts on a global scale to bring about accelerated changes in its structure, and he assured the Group of 77 that the objectives of the peace and security process on the one hand, and of social development on the other, were entirely independent and that there would be no attempt to prioritize their respective requirements. There could be no peace without economic and social development and no economic and social development without peace and security, as evidenced by the crises in Somalia, Yugoslavia and other regions of the world.

His personal knowledge of life in the third world made him particularly sensitive to its problems, and he noted with concern the growing gap between rich and poor, both between and within States. It was essential to bridge that gap by increasing investment in human development, and he had therefore welcomed the human development ideas elaborated by the heads of the Bretton Woods institutions. Without stable and dynamic economic growth, poor countries could not hope to develop, even with appropriate macro-management policies and structural reforms. The resources of all the United Nations organizations and specialized agencies and of the multilateral financial institutions should therefore be directed primarily towards the elimination of poverty.

He also shared the view expressed by the Group of 77 that international cooperation should not be confined to operational activities, and stressed the need for the United Nations to continue to function, as it had over the years, as a think-tank for the conceptual formulation of approaches to the problems of the third world. In addition, it should apply continued pressure on certain key points to promote economic and social cooperation for the benefit of developing countries and countries in transformation, with a view to ensuring, *inter alia*, improved access to markets, debt-alleviation measures, the provision of credit, transfer of technology and the redirection of military spending towards more productive investments. Although the cold war had ended, new military conflicts had erupted and unremitting efforts must be made to reduce military spending.

He fully agreed with the view of IMF that the United Nations should apply itself to the task of rebuilding the social dimension, which, in combination with structural adjustment, development and trade, constituted the fourth pillar of its system and was essential to its stability. For that reason it was important to work towards the proposed world summit for social development. He also welcomed the proposal that he should be associated with the work of the IMF/World Bank Development Committee.

It was his hope that the Economic and Social Council would become an organ as important as the Security Council and he believed that, given the necessary political will, the Economic and Social Council could become the

(The Secretary-General)

council of the future, of the post-war period, which would help create the world to which humanity aspired, a world of equality, prosperity and development, in which the gap between rich and poor was closed and which was characterized by a growing solidarity designed to protect society and to guarantee its right to a better life and prosperity, one of the major goals of the Organization and of the entire United Nations system.

The PRESIDENT said that, on the basis of the statements made during the high-level segment and consultations with members of the Council and of the Bureau, he had decided to establish an open-ended ad hoc working group of the Council for the purpose of holding consultations on the item currently under discussion prior to the opening of the forty-seventh session of the General Assembly. Recommendations should be elaborated during those consultations for consideration and appropriate action by the General Assembly at its forty-seventh session. The working group should pay due attention to the implications for the working of the United Nations system of the International Development Strategy for the Fourth United Nations Development Decade, the Declaration adopted by the General Assembly at its eighteenth special session, the Cartagena Commitment reached at the eighth session of UNCTAD, the Declaration adopted by the recent United Nations Conference on Environment and Development and the United Nations New Agenda for the Development of Africa in the 1990s. All those elements should serve as guidelines for the work of the working group.

The meeting rose at 6.30 p.m.